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Owen Reaction to Rejection of Peace Plan

LD1705124293 Paris France-2 Television Network in French 1100 GMT 17 May 93

[Text] Here is the reaction this morning of the cochairman of the conference on ex-Yugoslavia to the rejection of the peace plan by the Bosnian Serbs. Lord Owen expresses his consternation at this result, which means, he says, that the war will continue. Here he is:

[Begin Owen recording in English with superimposed French] The temptation is to respond aggressively, with bombs; those are our initial reactions. If (?we want to do any good) we mustn't do it. We have to look to tomorrow, and the day after—that is what the French and British Governments are doing. They are on the ground; they understand the difficulties. Our resolve has not changed; we intend to get the illegally occupied territories handed back. It is a question of patience, of keeping our nerve, of preserving the process of negotiation, of keeping up the pressure, of tightening the screws to make the Bosnian Serbs agree. [end recording]

Kozyrev Views Chances of Settlement in Bosnia

AU1905080593 Paris AFP in English 0754 GMT 19 May 93

[Text] Rome, May 19 (AFP)—Chances for a political settlement of the Bosnia conflict are "not so bad," Russian Foreign Minister Andrei Kozyrev said here Wednesday.

Italian officials quoted him as saying during talks that advantage should be taken of "the readiness of all parties" to reach results.

Kozyrev arrived in Rome overnight from Belgrade after meeting presidents Franjo Tudjman of Croatia and Alija Izetbegovic of Bosnia-Herzegovina in Split, Croatia, and talks with Yugoslav President Dobrica Cosic and Serbian President Slobodan Milosevic in Belgrade.

He met with his Italian counterpart Beniamino Andreatta shortly after his arrival.

Andreatta hailed Tuesday's agreement between Bosnian Croats and Moslems to go ahead with an international peace plan for the former Yugoslav republic as "an optimistic note... a first step to the implementation of the plan.

The agreement reached between Tudjman and Izetbegovic late Tuesday is to apply to areas under their control, leaving aside the Serbs, who have rejected the plan.

Kozyrev was to meet with President Oscar Luigi Scalfaro later Wednesday and to travel on to New York after his Rome talks.

G-24 Pleased With Romania's Progress

AU1205171093 Bucharest ROMPRES in English 1214 GMT 12 May 93

[Text] Bucharest ROMPRES 12/5/1993—The participants in the meeting of the Group of 24 praised Romania for the results it has got so far and for its intentions as regards the transition from a centrally planned economy to a market economy based on private property, for its significant progress in the political reform, reads a press release issued Tuesday, May 11 in Brussels. The communique mentions that the representatives of Romania underlined that all the country's three governments (after 1989) were committed to the reform and that the present cabinet had clear intentions on stabilisation, structural adjustment and development." The four-year programme of the government "was very well received." The participants were appreciative about the firm continuation of the reform, under the conditions of a succession of external shocks, such as the collapse of the CEMA, the Gulf War, the conflict in former Yugoslavia and the embargo against Yugoslavia.

The meetings of the Group of 24 and of the consultative group assessed that Romania had urgent needs of financial and technical assistance, both in 1993-1994 and on long term. The success of the reform in Romania is dependant on support by international donors, says the document, that adds that the delegates announced important financial assistance.

Aleksandrov Views Turkey as 'Strategic Rear'

AU1805192393 Sofia BTA in English 1901 GMT 18 May 93

["Defence Minister Aleksandrov: Turkey Is Bulgaria's Strategic Rear"—BTA headline]

[Text] Sofia, May 18 (BTA)—Defence Minister Valentin Aleksandrov spoke at an international seminar on "Decision-Making on National Security Affairs," which ended today. A national radio reporter said the atmosphere was calm until the Bulgarian defence minister spoke.

"Since we have been thinking about the future, I find the question of Bulgaria's strategic rear very important and I believe it is Turkey. In the last 50 or more years, Turkey has not shown a sign of aggressiveness or intolerance to Bulgaria in periods of escalation of tensions or even war, and there are no grounds to assume things will change in the future," Defence Minister Aleksandrov said. According to him, a military threat to Bulgaria may come from the west. Bulgaria borders on Serbia to the west, Romania to the north, Greece and Turkey to the south. "The left and the right flanks are equally secure and potentially dangerous at the same time: The rivalry between Greece and Turkey is reflected in Bulgaria's relations with them," Aleksandrov said. As to Romania, while remaining apparently calm and demonstrating a willingness to join the sanctions, it holds more or less the same views as Belgrade, Aleksandrov said.

Valentin Aleksandrov went on to say that he had been asking himself "whether and to what extent the great powers have an interest in putting an end to the Bosnian conflict, or, perhaps, it is beyond the scope of the interests." He pointed out differences between the views of politicians and military officers on a possible military intervention in the former Yugoslavia. "In the United States, the military are ready for a military strike, while politicians are strongly opposed to it, in Russia, the military are true to their traditional sympathy for Serbia, while politicians are divided: Some are in favour of sanction enforcement and use of force, others keep silent to underline their pro-Serb attitude," Aleksandrov said. All this makes the situation look like a very difficult puzzle, Bulgaria's defence minister said, calling on the participants in the workshop to consider this at least in the most general terms. "We should learn from European experience but Bulgaria also needs some specific decisions to replace concrete help which is not coming anyway," Aleksandrov said in conclusion.

The seminar was organized by the Bulgarian Atlantic Club, the president's Military Office and the U.S. Atlantic Council. It was held under the auspices of President Zhelyu Zhelev.

Minister Urges Postponing Arms Industry Changes

AU1805125093 Sofia KONTINENT in Bulgarian 13 May 93 p 2

[Sonya Angelova report: Defense Minister Wants To Postpone Changes in Arms Industry"]

[Text] The Ministry of Defense considers the proposal of Rumen Bikov to restructure the military-industrial complex as an inefficient and unfounded one, both from the economic point of view and from the point of view of the country's national interests, a statement signed by Defense Minister Valentin Aleksandrov read. It was disseminated on 12 May on behalf of the General Staff at a meeting of the National Assembly commission on National Security.

However, in a document that was submitted to the minister of industry it is pointed out that in principle, the Ministry of Defense approves of changes in the branch. Several weeks were needed for the favorable assessment to develop into the present skeptical opinion of Minister Aleksandrov. This, in addition to the delicate relations with the General Staff, probably explains the confusing situation.

According to the statement of Valentin Aleksandrov, the structural changes are more advanced than the security doctrine, and did not outline the expected economic effect. A destabilization of the holding was possible because of the lack of a capital. The document proposes to postpone the adoption of a decision. Let us wait for the state to catch its breath, and then we will decide, Valentin Aleksandrov said after the meeting. In accordance with a decision of the Council of Ministers, he must form a special interdepartmental commission, which should ponder the future of the military-industrial complex. He thinks that it will take him at least one month to form the commission.

However, Minister Bikov hopes that the terms will be shorter. His draft was already on the agenda of the Council of Ministers. Because of its grave financial situation, the military-industrial complex could not wait until our defense doctrine is fully composed. The chiefs of the major arms plants, and his predecessor, Ivan Pushkarov, do not approve of his ideas.

On 13 May the deputies will acquaint themselves with the report of the subcommission led by Pushkarov. Rumen Bikov heard the accusation of excessive centralization only on the radio. Therefore, armed with the positive opinions of Pier Tabakov, adviser to the president, and Deputy Prime Minister Neycho Neev, and one of Minister Valentin Aleksandrov's variants, Minister Bikov hopes to be able to convince the cabinet.

However, some of the deputies insist on effecting the changes in the military-industrial complex through a law. If this opinion prevails, the legislating initiative will

hardly be limited to the minister of industry. Rumen Bikov assumes that the Commission on National Security will have to interfere.

Land Reform Official Reports on Restitution

AU1805164793 Sofia BTA in English 1451 GMT 18 May 93

[Text] Sofia, May 18 (BTA)—4.76 million ha. of land have been returned to the rightful owners, Dimitur Dinkov, head of the Land Reform Department with the Agriculture Ministry, told a news conference today. 1,654,530 decisions have been issued, restoring land ownership within existing or restorable physical boundaries or through a land distribution plan, according to statistics of the National Statistical Institute and the Agriculture Ministry.

The land reform has made progress in the Sofia region. Many local administrations, however, do not issue certificates to owners of land included in town-planning schemes, which impedes the land commissions' work. The government has not submitted a list of the land to which the Defence Ministry holds title. The documents submitted by some military units show that they enclose more land than they are entitled to under the law, Mr. Dinkov said.

948 cooperatives have been set up on 700,000 ha. of land so far. 616 cooperatives have been registered. This is 52.2 percent of the land restored to its owners. The Plovdiv region tops the list with the biggest number of cooperatives (198), followed by the Ruse and Lovech regions (160 in each of them), and the Burgas region (152).

Mikhaylov Warns Against Violent Demonstrators

AU1805172293 Sofia KONTINENT in Bulgarian 15-16 May 93 p 2

[Interview with Viktor Mikhaylov, minister of internal affairs, by Sonya Angelova; place and date not given: "Incidents Such As Those That Occurred Near Our Parliament Building Do Not Exist Anywhere in the World"]

[Excerpt] [passage omitted]

[Angelova] Members of parliament justifiably refer to their parliamentary immunity. How would you assess their behavior from a professional point of view?

[Mikhaylov] Some people are very liberal in interpreting their immunity. Members of Parliament are entitled to rely on their immunity, but this does not place them above the Law. Deputy Pavel Shopov, for example, started opening the fences around parliament, thus preventing the security forces from protecting public order and civic peace in the long run. I can assure that it is not easy to halt a bloody battle once it has been unleashed.

[Angelova] Nevertheless, there is hardly a European country where parliament is surrounded by so many barriers and fences.

[Mikhaylov] Well, there is hardly a country where such strange incidents of demonstrators asking for cabinet resignations, for disbanding parliament, and for overthrowing the government, occur in front of a parliament building, and if such things happen in other countries, the authorities would certainly erect fences in order to protect law and order. If a group of people dislikes another group of people, I, as minister of internal affairs, cannot remain inactive and watch them fighting. We cannot wait and see who will win the battle, and afterwards, appoint the victor to rule the state.

[Angelova] According to data, the rally in question was attended by 5,000-7,000 people. Can such a relatively small number of people represent a menace to civic peace, and was Prof. Berov's public address on National Television justified under the circumstances?

[Mikhaylov] The address was totally justified, because the Union of Democratic Forces [SDS] promised to gather 100,000 people for the demonstration. This is precisely why the prime minister appealed for law and order. The government cannot remain passive while it is threatened with extra-parliamentary actions, while it is being intimidated and threatened. Even 7,000 people are enough to set a state on fire. What would happen in case there should be 300-400 individuals among the demonstrators who provoke unrest and the security forces should loose their calm and start shooting? Can you imagine what would have happened if one of the policeman who was hit had lost his self-control and taken out his gun? Such things happen all over the world.

[Angelova] The journalists who cover the rallies remember a small group of permanent, professional demonstrators. Have the police forces records on such individuals?

[Mikhaylov] The permanent rally goers were seen at last Thursday's demonstration as well. Their presence was noticed in all the places where the fences were pulled down. My boys even know their names. They know exactly what each of them is capable of.

[Angelova] How would you explain the incident with Deputy Khristo Markov, who claims that policemen shot at his Mercedes car?

[Mikhaylov] Deputy Markov claims that his car was driving at a speed of 150 kilometers per hour. If under such circumstances he is capable of hearing a shot, then he should enter the Guiness Book of Records for his exceptional hearing. In addition to this, if the policemen had shot at him, they would have hit him. Unfortunately, there are no witnesses to this incident. No policemen whatsoever were posted in the place where Markov claims that the incident occurred.

[Angelova] You were accused of intentionally stopping and checking cars on the road, with the purpose of halting and preventing potential participants in the demonstrations from attending the rally.

[Mikhaylov] Politics is a profession, but this kind of politicking is certainly unprofessional. It is not the common people's fault. Our parliament does not have many competent politicians. However, I am surprised that Mr. Savov, who should be an experienced politician, behaves in this manner.

[Angelova] What if the purpose of such actions is to provoke new elections?

[Mikhaylov] Trying to provoke new elections by street riots is an act which no one in Europe would approve. However, if this is the method chosen for provoking elections, there is much work in store for me, and hence, I shall not resign.

[Angelova] Why did you not produce the evidence available to you about the incident, on the same day over television, since we are always talking about going public and about the need for a well-informed society?

[Mikhaylov] This is the task of our press center, but it showed its incompetence in this respect, therefore I intend to make the necessary personnel changes. Someone should brief the people on what is going on and where such incidents are happening. It is not the minister's duty to be everywhere and deal with every similar occurrence.

SDS Calls For Immediate Cabinet Reaction

AU1905082093 Sofia BTA in English 1607 GMT 18 May 93

[Text] Sofia, May 18 (BTA)—The National Coordinating Council (the top leadership) of the Union of Democratic Forces (SDS) strongly condemns police violence against citizens and MP's, including Stefan Savov, SDS floor leader and former chairman of parliament, says a declaration of the National Coordinating Council issued today. It comes in reaction to an incident during a SDS rally last Thursday [13 May] in which Mr. Savov was brought down and beaten with batons by policemen in front of parliament building, according to eye-witnesses.

The violence on May 13 was triggered off by Prime Minister Berov's televised statement the previous evening, the declaration says. Mr. Berov said in his statement the government would not yield to street pressure.

The Coordinating Council backs up the demand by the parliamentary group for the cabinet's immediate resignation. "President Zhelev forced on Bulgaria this cabinet of the Bulgarian Socialist Party and the ethnic Turks' Movement for Rights and Freedoms," the declaration says. The SDS top leadership is surprised that the president took no stand on "the alarming encroachment on democracy and human rights," the declaration says. In conclusion, it says that "early parliamentary elections are the only way out."

[Sofia Khorizont Radio Network in Bulgarian at 1600 GMT on 18 May carries a similar report on the SDS National Coordinating Council declaration and adds: "The parliamentary faction of the Union of Democratic Forces decided at its meeting today to propose tomorrow at the National Assembly session a vote of non-confidence in the government of Lyuben Berov"—FBIS]

International Conference on Labor Market Opens

AU1805150693 Sofia BTA in English 1341 GMT 18 May 93

[Text] Sofia, May 18 (BTA)—An international conference on Bulgaria's labour market and industrial reform opened here today, organized by the International Labour Organization (ILO) and the Bulgarian Ministry of Labour and Social Affairs.

"The three-day international conference is being held at a difficult moment for Bulgaria," Deputy Prime Minister Evgeni Matinchev, an honorary chairman of the organizing committee, said in his address to the participants. The economic crisis worsened and in 1991-92 the GDP [gross domestic product] dropped 18.5 percent, the volume of industrial production shrank 27.5 percent, and the unemployment figure reached 600,000, 15.9 percent of the labour force, Mr. Matinchev said. Real incomes dropped 42 percent in the last two years. Wages in 1991 were 67 percent of the 1990 wages in real terms. Bulgaria needs help from the ILO and other specialized organizations, as well as from institutions and individual countries.

Ten technical reports will be read at the conference, based on the results of a survey of 500 Bulgarian industrial enterprises, carried out in 1992 by an International Labour Office team.

The conference is one of the first initiatives of the International Labour Office team for Central and Eastern Europe, said the team's leader, Mr. Guy Standing.

Parliamentary Delays Blamed for Inflation

AU1405150093 Sofia DUMA in Bulgarian 10 May 93 p 6

[Krasimir Atanasov commentary: "Parliament Has Become a Basic Inflationary Factor"]

[Text] The debates in the National Assembly on the state budget bill have drawn attention to what is perhaps the greatest danger for the further transition to a market economy in Bulgaria, namely frenzied and unmotivated populism. The discussions centered especially on the funds provided to clear the enterprises' old debts. One side argued that this would enable them to be freed from the burden that has weighed them down for more than

two years now so that they can start working with a clean slate in accordance with the realities of the market, because we can expect no improvement in living standards unless production is developed. Stefan Savov summed up the position of the opponents by saying that the operation is aimed at making it possible, when privatization is implemented, for the select group of new owners to reap big profits. Three years after the subject of privatization was first raised in the country, it is incredible that the leader of a main political force shows such elementary ignorance of the very meaning of the process.

No one in the world disputes that the aim of privatization is not merely to change ownership and reallocate profits, but to increase efficiency in the economy. The market economy succeeded in proving its efficiency, without anyone venturing to claim that it is a fairer system. It operates on the basis of dominant private ownership. One of the main principles in the runup to privatization is the so-called rehabilitation of the enterprises, by freeing them of their old debts, restructuring them, and modernizing them.

The modernization of the metallurgy industry in England provides us with an interesting model. It began with the nationalization of scattered, outdated, and small enterprises, whose owners were compensated with government bonds. There follows a process of merging into larger companies and making technological and other improvements, until the new enterprises begin to function normally and become competitive. Only then does privatization take place, with the former owners receiving part of the new property in return for their bonds. The attack launched against the serious intention to tackle the debts of the Bulgarian enterprises reveals more than anything else a desire to prevent any real start of the privatization that has been prevented for three years now.

Naturally, it is possible that the government's idea is to cause a rise in inflation. To achieve this, it only has to go ahead with clearing the enterprises' debts in an unreasonable manner, without any well-grounded program and without making it clear which enterprises will be able to survive in the future. Inflation will also result if the government permits the privatization process to degenerate into a pouring out of taxpayers' money into moribund industrial sectors.

At the moment the main inflationary bomb in Bulgaria is parliament itself, and some National Assembly deputies recognize this. By its ineffectiveness, its refusal to adopt new tax laws, and its deliberate delays in resolving a number of other important problems, parliament is working directly against the interests of the whole of the Bulgarian people. This is very well-known, but what is not known is whether it is still possible to halt this tendency.

Lack of Guarantees Against Outside Attack Noted

AU1805172893 Sofia KONTINENT in Bulgarian 15-16 May p 8

[Atanas Matev commentary: "Security Guarantees"]

[Text] The claims made by Seselj, the leader of the extreme right in Serbia, that Serbian "Scud" missiles are targeted against neighboring countries may be without foundation, but they nonetheless caused a stormy reaction.

The Italian military immediately began feverishly assessing what could be done if action became necessary. They admitted that Italy has no suitable antimissile system, but offered a note of reassurance with the argument that the presence of NATO planes at the moment make the country "fully defensible."

Hungary, which granted permission for NATO AWACS [airborne warning and control system] aircraft to monitor flights over Bosnia from Hungarian airspace, asked NATO for official guarantees of its security, arguing that repressive acts on the part of Serbia are possible.

NATO responded coldly to the request. One of its officials stated frankly that the Hungarian request opens "a Pandora's box," because other East European states might also demand the same. This means that in the event of a Serbian missile attack, Hungary is not "a defensible country."

So far Bulgaria has not been mentioned as a possible target of a Serbian missile attack, but in the present chaotic situation in the Balkans everything is possible.

What guarantees does our country have for its security? None whatsoever. NATO has not been asked to give such guarantees, not is there any sense in making such a request, because it would be refused. There seems no prospect of obtaining guarantees from any other quarter.

It is high time to realize that while Bulgarians may believe in anyone they like, Bulgaria's security is a matter for itself alone, even if certain people may not like to admit this.

Klaus Discusses Meciar Remarks, Economy

LD1805225993 Prague Stanice Praha Radio Network in Czech 1630 GMT 18 May 93

[Interview with Prime Minister Vaclav Klaus by correspondent Vaclav Musilek; place and date not given; from the "Echoes of the Day" segment for Radiozurnal—recorded]

[Excerpts] [Musilek] Mr. Prime Minister, I know that you are not too keen on exchanging views through the media. I would, therefore, like to ask you whether you feel a little shocked by what [Slovak Prime Minister] Vladimir Meciar told DER SPIEGEL about blocking oil supplies from Russia to the Czech Republic or about his view of the prospects for our joining the European Community?

[Klaus] As you well know, I am always cautious about commenting on someone's pronouncements when they are presented in a shortened and simplified way. Those who read today's newspapers in the Czech Republic must have been horrified and must have searched for powerful words to send to the Slovak prime minister. I, too, was horrified. At lunchtime today, however, I received the actual text of the interview carried by DER SPIEGEL. I must admit that the story is rather different. [passage omitted]

When the assessment of Slovakia and Slovakia's chances was being made, it was suggested to Mr. Meciar that the Czech Republic was much better off. He replied: Yes, it is better off. I know it well. All the same, however, it is going to have problems regarding its ability to stand up to powerful competitors because of its low technical level. Our newspapers had all this information. They, however, did not carry the next sentence, which went as follows: I wish the Czechs all success in their endeavor. Omitting this short sentence makes everything look altogether different. [passage omitted]

This amounts to omissions and absolute distortion of the content, and I am sorry for it. Having said this, I do not at all wish to give Mr. Meciar a reprieve for his other numerous pronouncements, which bring no joy to me and, for that matter, brings joy to none of us.

On the other hand, I cannot see any reason for our unnecessarily distorting things, which would unnecessarily—I repeat, unnecessarily—worsen relations between the Czech and Slovak Republics.

[Musilek] Mr. Prime Minister, you said several times lately that the government was worried about the curve in the growth of wages, which is considerably steep and is not accompanied by adequate growth in productivity and by other indicators. To put it simply, we have not earned the increase in wages. However, in view of the fact that the government has decided not to regulate wages in this quarter, it can only use moral appeals in order to influence this development. Do you think that these appeals can be effective?

[Klaus] I would not say that we are left only with moral appeals. Although it is true that the government is trying not to intervene directly in the economy, let us not forget that we still have state-owned companies. State-owned companies are managed by civil servants, and I think that they can get instructions regarding wages from their ministers, who appoint and recall them. I think that such a step is more or less in place in the present situation.

Look, I do not want to exacerbate the situation. I know that, if I say something incisive now, tomorrow the trade union organizations will come up with a reply. I cannot help it, however. The increase in wages is the most negative factor that exists here today. The trade unionists must hear this, although they, of course, do not have to like it—which is logical. It is a fact, however, and an unpleasant one.

Yesterday, our only representative in the International Monetary Fund, Mr. Jonas, arrived from Washington for a week-long visit to Prague. He dropped by my office and told me only one thing: Everything is alright. They use us as an example everywhere. The only thing that worries the IMF—and it constantly analyzes why and how—is the excessive growth of wages in the Czech Republic. I never hide behind the IMF, and everyone knows this. I am speaking for myself here. It suddenly dawned on me yesterday—when the only information we received from Washington was the concern about the wage increases in our country.

Look, some sort of a railway mini-strike is about to happen here. There is no doubt that all of us want more money. It is logical. Man is simply like that. [passage omitted]

The fact remains that railway wages have risen by 48 percent. These are unbelievable figures. If our trade unionists had played their social role responsibly they would have known that it was time to say enough. If, at the moment, someone at the railway is calling for a strike, a strike about wages, then we are really getting somewhere closer to the Balkans or to some place in the former Soviet Union. [passage omitted]

Foreign Minister Cited on Meciar Comments

LD1905063193 Prague CTK in English 0559 GMT 18 May 93

[Text] Prague, May 18 (CTK)—Czech Foreign Minister Josef Zieleniec today said that the Czech Republic would probably protest through diplomatic channels against Slovak Premier Vladimir Meciar's statement made in the latest issue of the German weekly "DER SPIEGEL".

In an interview for the weekly, Meciar said that the Czechs should not forget that all energy which they receive comes through Slovakia. If there were a break in the supply of oil, they would'nt last more than ten days. Meciar was reacting to a statement by Czech Premier Vaclav Klaus refuting Slovak gold claims and calling them absurd.

Zieleniec said on Czech Television tonight that this is a tone which should not have been used because it greatly escalates the whole Czech-Slovak discussion (on former federal property division—ed.). It is a tone which is absolutely unusual between states which want to be on good terms.

He said that according to some information he had acquired, Meciar's statements were not even acceptable for Western states.

Havel Defines Powers in Constitutional System

AU1805102993 Prague CTK in English 1419 GMT 16 May 93

[Text] Prague, May 16 (CTK)—Czech President Vaclav Havel said today that the view that he had less powers than when he had been federal president arises probably from the fact that he did not exercise some of them because he did not have to, which was a sign of certain political stability in the country.

He said he had more powers now than when he had been president of Czechoslovakia. In a stabilised parliamentary democracy it is not for the president to make decisions on everything. Power is divided between the legislative body and the government, and the president has a specific status in the constitutional system, Havel said in a regular Sunday radio interview.

On alleged differences of opinion between him and other Czech leaders on such problems as Yugoslavia, he said the president had to respect the policy of the state as it was formulated by those who had won the elections.

I respect and defend this policy, and I do not think that I deviate from it in any essential point. But I speak my own language, I have my own type of accent, my own type of argumentation, he stressed.

Nevertheless, the president must not be seen as a mere derivative of the ruling coalition, Havel stressed. While respecting the policy of the state, the president must also listen to the voices of all, not only political parties, but citizens as well. If he finds something positive among the voices, he must be capable of supporting it, he added.

On the views that he has been no longer the single and major personification of his country, publicised in connection with his 100 days in office, Havel said: The revolutionary times when there was one man to personify and symbolise the revolutionary changes, whom all people expected to arrange for everything, to control everything, are over. This is actually good, because we are entering at last the era of stabilised democracy in which a certain division of labour exists.

Baudys Orders Screening of Career Army Soldiers

AU1705130593 Prague CTK in English 2001 GMT 13 May 93

[Text] Prague, May 13 (CTK)—Czech Defense Minister Antonin Baudys has ordered this week an extraordinary screening of the career soldiers serving in the Czech Army, aimed at checking whether they are suitable for the service, the Czech Defense Ministry told CTK today.

Under the order,those who were obviously initiators of anti-democratic measures taken against the army's other members or other persons in the past, as well as those who damaged anyone by applying such measures, are among those who cannot serve in the Czech Republic's Army.

It is necessary for the Army mainly to build a corps of commanders, which would comprise career soldiers with high moral and physic qualities, who have confidence of both the military and civic public, the document says.

At present, the Czech Republic is building the foundations of a new army, which completely differs from the previous one by its goals, strength, structure and mainly by the style of work and demands for its members' qualities. Therefore it is unacceptable that people who are unable to free themselves of the working methods used under the totalitarian regime in 1948-89, and whose qualification is insufficient or unneeded in the new army, who neglect their duties and whose moral and physic capabilities do not reach the necessary level, continue to serve in the Army, says the ministerial order to be valid as of May 17, 1993.

Baudys: Czech Army Not Responsible for Borders

LD1805182293 Prague CTK in English 1711 GMT 18 May 93

[Text] Kromeriz, south Moravia, May 18 (CTK)—The Czech Army is not and will not be responsible for protecting the state border, Czech Defence Minister Antonin Baudys told journalists here today.

He added, however, that in view of the fact that the Czech Interior Ministry was currently incapable of fully securing the Czech-Slovak border, the Czech Army had trained 535 soldiers who could serve at border crossings in cooperation with the border guard and the border police. Baudys said the relevant decision on the question had to be made by the government.

Referring to the location of the Czech Armed Forces, Baudys said that during the existence of the Warsaw Pact the overwhelming majority of Czechoslovak troops were located on the western border of the Czech Republic, but now they must be stationed all over the territory of the republic.

Baudys said that half of the new Czech Army would be made up of professional soldiers. One-year compulsary

military service is envisaged, he said, adding that this would be the optimal arrangement in the current economic conditions.

By June 1995 the number of the Czech Army troops is to be reduced from the current 100,000 to 65,000. The number of career soldiers should be reduced from the current 43,00 to 32,000.

Reinforcing UN Unit Possibly Worth 54 Million Korunas

AU1805160493 Prague MLADA FRONTA DNES in Czech 15 May 93 p 1

["km"-signed report: "Sending Reinforcements to Croatia May Bring In Millions"]

[Text] Prague—The Czech Republic could obtain approximately 54 million korunas from the United Nations for its armored personnel carriers if it sent another contingent of troops to the former SFRY. The Defense Ministry confirmed this for us yesterday.

The possible reinforcement of the Czech unit based near Plitvicka Jezera from 500 to 1,000 men—which the Foreign and Defense Ministries are pushing for—would mean that 36 OT-64 armored personnel carriers may also be dispatched to Croatia along with the new troops. "If this hardware is deployed in the former Yugoslavia, we will receive some 1.5 million korunas for each carrier," said Defense Minister Antonin Baudys.

Sending the carriers to Croatia would be economically worthwhile, because they are otherwise destined to be scrapped. Scrapping one OT-64 would cost the army—and thus the state—almost 35,000 korunas.

The Czech UNPROFOR unit in Croatia currently has 18 OT-64 combat vehicles and several Tatra 815 trucks, whose usefulness in providing support is—according to Minister Baudys—praised very highly by members of the French and Kenyan battalions in particular.

According to Minister Baudys, the UNPROFOR commander, General Walgren, has asked for the Czech unit to be reinforced. The Foreign Ministry will shortly ask the government to increase the number of troops in the UN unit. "The battalion's participation contributes toward the Czech Republic's endeavor to integrate itself into West European economic and security structures," said Antonin Baudys. He added that the battalion is considered one of the best in the former Yugoslavia.

Reasons for Economic Activity Decline Cited

AU1705133193 Prague CTK in English 1611 GMT 14 May 93

[Text] Prague, May 14 (CTK)—The division of the former Czechoslovak economy was the main reason for a certain drop in economic activity which was registered in the Czech Republic in the first quarter of this year, Josef Tosovsky, governor of the Czech National Bank (CNB), told journalists today.

Speaking after a meeting with representatives of the Czech largest banks, Tosovsky said restrictions on Czech exports by European Community (EC) countries, at a time when Czech producers badly need to find new markets for their goods which have thus far been exported to Slovakia, were primarily responsible for the economic decline. Tosovsky, however, called for a liberal approach while evaluating actual economic indicators. He said that revolutionary changes such as the division of an economy which had been so tightly integrated and the essential changes to the taxation system had certainly been reflected in the economy.

He said he assessed positively price development, adding that inflation was also under control. Tosovsky noted that the price leap at the beginning of the year had apparently been a single phenomenon and that the half a percent price increase in March and April indicated that prices had returned to stability.

Government Approves New Police Director

AU1805114293 Prague CESKY DENIK in Czech 13 May 93 p 2

[CTK report: "Police Director"]

[Text] Prague— Yesterday the Czech Government approved the appointment of Stanislav Novotny as director of the Czech Republic Police. After the dismissal of Ivan Vyleta from the post of police director two weeks ago, Stanislav Novotny was a clear candidate for the post. He was introduced as such to members of the Defense and Security Affairs Committee of the Chamber of Deputies last week.

TV Cooperation Accord Signed With Poland

LD1805101193 Warsaw PAP in English 0948 GMT 18 May 93

[Text] Prague, May 18—President of the Polish Radio and Televsion Committee Janusz Zaorski and Director General of the Czech Televison Ivo Mathe signed in Prague on Monday an agreement on cooperation between the two televions.

The accord provides for exchange of short information and journalistic materials free of charge. It also introduces commercial principles for the purchase, sale and coproduction of other tv programmes.

Accord With EC on Steel Export Quotas Detailed

AU1805131293 Prague HOSPODARSKE NOVINY in Czech 13 May 93 p 29

[Milos Sklenka report: "A Bilateral Compromise; Czech Steel to EC Markets on Basis of Tariff Quotas"]

[Text] The agreement on tariff quotas for steel exports, reached in Brussels after lengthy negotiations, is a bilaterally acceptable compromise. Compared with the original proposals of the EC Commission, the agreement undeniably signifies progress.

Even this cannot obliterate the fact, however, that the document contains restrictions running counter to the provisions of the provisional agreement [on trade with the EC], which lays down the principle of a liberal access to the market. The agreement on conditions for steel exports from the Czech Republic and Slovakia to the EC markets in the 1993-95 period is based on so-called tariff (customs) quotas. The difference between tariff quotas and ordinary quantitative restrictions such as those applied by Brussels last year is that tariff quotas permit Czech steel exports to the countries of the Twelve even beyond the set limit. However, in that case every exporter must reckon with the so-called supplemental customs duty of between 20 and 30 percent being levied upon the exported steel.

The approved agreement between the EC and the Czech Republic and Slovakia makes it possible to export to the EC markets this year the same volume of steel products as in 1991, plus 35 percent overall. The largest increase in exports until 1995 is foreseen for hot coils (102 percent) and welded tubes (100 percent). As for other steel products, the maximum increase in exports in the next three years will be to 60-66 percent above the 1991 volume. Seamless tubes, regarding which the agreement provides for a 12-percent decline in the export volume, compared with 1991, represent the only exception. As a consequence of the imposition of anti-dumping duties by the EC, the Czech Republic has not exported virtually any seamless tubes to the EC markets this year.

Tariff Quotas for the Export of Czech Steel to EC Markets (in thousands of tonnes)

	1991	1993	93/91 (in percent)	1994	1995	95/91 (in percent)
hot coils	99	134	35	167	200	102
hot strips	30	41	37	44	48	60
transversally cut hot coils	70	95	36	102	112	60
cold sheets	84	114	36	122	135	61
rolled sheets	151	204	36	220	242	66
seamless tubes	73	65	-12	75	85	16
welded tubes	35	50	43	60	70	100

Even though the agreed amount may seem to be insufficient because it involves a significant cut in exports compared with last year (when 1,300 tonnes of rolled stock were exported), the agreement represents a major success for Czech and Slovak negotiators. The original proposal by the EC Commission provided for a maximum increase of 20 percent this year, compared with 1991, an increase of 25 percent in 1994, and an increase of 35 percent in 1995. The proposal of the liberally oriented EC Commissioner for Foreign Trade Sir Leon Brittan was finally approved against the resistance of some EC member states, particularly Spain, Italy, and France.

Czech and Slovak steel exports have been discussed in Brussels for over a year. West European producers' accusations of our dumping exports to the EC markets became the subject of sharp criticism and initiated the adoption of protectionist and regulatory measures last August and, then again, in November [1992]. According to Brussels, the endeavor of some of our enterprises to export the greatest possible volume of steel at any price (lowest possible prices combined with re-exports) has rather damaged our reputation on the market of the Twelve.

Statistical Data on Economy in First Quarter

AU1805113893 Prague HOSPODARSKE NOVINY in Czech 13 May 93 pp 1, 2

["hp"-signed report: "Decline With Signs of Recovery; The National Economy of the Czech Republic in the First Quarter 1993"]

[Text] Industrial production, the output of the building industry, and the volume of railroad loading declined in the first quarter 1993, compared with the first three months last year. Although the volume of foreign trade rose, Czech exports declined, which was reflected in a balance of trade deficit. This follows from a report of the Czech Statistical Office.

Industry

The Czech Republic's aggregate industrial output in permanent prices (including estimated results of organizations with fewer than 25 employees and of individual entrepreneurs entered and not entered in the company register) was 8.1 percent lower than in the first quarter of 1992, while the number of work days was lower by one (approximately 1.6 percent). The decline of industrial output was caused mainly by organizations with 25 or more employees, whereas

the output of organizations with fewer than 25 employees and of individual entrepreneurs was 13.1 percent higher than in the same period a year ago. Although the number of work days in March was higher than last March, industrial output was 7.7 percent lower than in March 1992. At the same time, the output of small organizations and individual entrepreneurs was almost 20 percent higher than in March 1992.

Enterprises with 25 and more employees accounted for 91.9 percent of aggregate industrial output and their volume of goods production amounted to 208.2 billion korunas in the first quarter, that is, almost 10 percent less than in the same period a year ago. While the production of goods in current prices was roughly at last year's level in individual months of the year, or slightly above last year's level, the growth rate of sales and, in particular, of exports shows progressive acceleration. In March 1993, exports in current prices were 27.4 percent higher than in March 1992.

The best results in the production of goods in the first quarter were scored by organizations with 50 to 99 employees (index 123.7) and by organizations with 25 to 49 employees (index 120.4). Organizations with 2,000 to 2,499 employees also achieved a higher volume of goods production than last year.

The number of employees in industrial organizations with 25 or more employees declined 6.8 percent, compared with the first quarter last year. The average industrial wage increased 22.2 percent, to 5,367 korunas a month.

Construction

According to preliminary results, aggregate building output (including estimated results of organizations with fewer than 25 employees and of individual entrepreneurs entered and not entered in the company register) amounted to 19.4 billion korunas in the first quarter and was 9.5 percent lower than in the same period in 1992. The decline in March alone represented 7.0 percent.

The volume of building work carried out on the basis of building contracts in organizations with 25 and more employees was 9.3 percent lower in March than in March a year ago. In the first quarter as a whole, it was 14.6 percent lower than in the same period a year ago. These building organizations accounted for 69.6 percent of aggregate building output in the first quarter of the year. The best results were scored by enterprises with under 100 employees, whose output in the first quarter of the year was significantly higher than in the same period a year ago.

The number of employees in construction firms with 25 and more employees has since February been at the level of the same period in 1992. In the first quarter as a whole, the average number of employees was 1.1 percent lower than in the first quarter last year. The productivity of labor declined 13.7 percent and average monthly wages increased 28.9 percent, to 5,775 korunas.

Transportation

The volume of freight transported on public road transportation (including private carriers) was 27.3 percent lower than in the first quarter last year and performance in terms of tons/kilometer (tkm) was 13.4 percent lower. The increase in haulage distance was caused, above all, by greater activity in international truck transport, whose performance in tkm was 18.7 higher than in the first quarter in 1992. The share of private carriers in the overall performance can be estimated at one-third.

Railroad loading in the first quarter of the year was 3.3 percent lower than in the same period a year ago; in March alone it was only 1.5 percent lower.

The volume of freight transported by river transport in March was 28.6 percent higher than in March 1992 and performance [in terms of tkm] was 4.8 percent lower. Shortfalls from January and February affected, however, the overall development of river transport in the first quarter. The volume of freight transported in river transport in the first quarter was almost 10 percent lower than in the same period a year ago and performance in terms of tkm was almost 25 percent lower than last year.

Domestic Trade

Retail sales totalled 83 billion korunas in the first quarter (30.2 billion in March alone). Compared with the same period a year ago, they increased 18.1 percent in current prices and declined 1.6 percent in terms of physical volume.

The share of the private sector in total retail sales became stabilized late last year and remained at roughly the same level in the first quarter 1993 (71.5 percent). Private businessmen not entered in the trade register accounted for 52.9 percent of retail sales and private businesses entered in the trade register for 18.6 percent of retail sales.

Foreign Trade

The overall foreign trade turnover (without the Slovak Republic) amounted to 110.7 billion korunas, that is, 7.8 percent more than in the same period a year ago. Imports increased 21.0 percent while exports declined 3.1 percent. The largest increases in imports were from EC countries (39.2 percent) and from European Free Trade Association countries (27.3 percent). On the other hand, imports from the republics of the former USSR declined. Czech exports increased only to the EC countries (1.9 percent) and to the republics of the former USSR (12.7 percent). The volume of Czech exports to the republics of the former USSR is very low, however.

Total imports (without the Slovak Republic) amounted to 56.2 billion korunas since the beginning of the year, while exports amounted to 54.5 billion korunas. Hence, the Czech Republic registered a 1.7 billion korunas deficit in its balance of trade. The inclusion of trade with

the Slovak Republic reduces this deficit to 280 million korunas. The end-of-February deficit—2.6 billion korunas including the Slovak Republic and almost 4 billion korunas excluding the Slovak Republic—was thus significantly reduced in the course of March.

In March alone, exports from the Czech Republic (without exports to the Slovak Republic) amounted to 27.4 billion korunas (27 percent more than in March 1992) and imports (again without imports from the Slovak Republic) to 25.0 billion korunas. The monthly surplus in the balance of trade amounted to 2.4 billion korunas.

The Czech Republic exported 4.839 billion korunas worth of merchandise to the Slovak Republic in March and imported from there 4.808 billion korunas worth of merchandise. The Czech Republic's trade surplus thus keeps declining—in January it amounted to 1.1 billion korunas and in February to 300 million korunas. Since the beginning of the year, the Czech Republic's surplus in trade with Slovakia reached 1.43 billion korunas.

Fulfillment of the State Budget

State budget revenues in the first three months of 1993 totalled 86.449 billion korunas, which represents 25.3 percent of projected annual revenues. Expenditures in the same period totalled 76.034 billion korunas, that is, 22.2 percent of projected annual expenditures. The state budget for the first quarter thus ended in a surplus of 10.415 billion korunas. This [positive] result of the budget management was, however, accounted for also by net revenues of 18.046 billion korunas relating to last year. The relatively lower proceeds from some taxes resulted from the staggering of due dates for individual taxes. The relatively low expenditures on unemployment reflect the intention to establish in the budget an appropriate contingency reserve prior to the coming into force of the law on bankruptcy and settlement. The aliquot fulfillment of the noninvestment and, above all, investment expenditures on the public consumption of the state and the population reflects efforts at maximum savings in public consumption as well as the necessity to tackle urgent problems, for example in health care.

Increase in Illegal Border Crossings Noted

AU1805102393 Prague CTK in English 1029 GMT 17 May 93

[Text] Prague, May 17 (CTK)—Almost 18,000 people were intercepted while attempting to illegally cross the Czech border to the West from January to April, more than one half of the number for the former Czechoslovakia for the whole of 1992, the Czech daily MLADA FRONTA DNES writes today.

The Czech Interior Ministry estimates that the number of illegal crossings this year may double or even triple compared with 1992 as the biggest drive is expected in summer months, the paper says.

The ministry says that 96 percent of the attempted illegal crossings were registered on the Czech-German border, with almost all the detained heading for Germany. Only three percent of the total crossed the border in the opposite direction, the paper writes.

The ministry expects the number of people to be returned to the Czech Republic as illegal migrants from Germany to increase after the envisaged change in German asylum legislation and the conclusion of a Czech-German agreement on the transfer of people on the border.

This is explained by the fact that the Czech Republic will also have to accept refugees detained within Germany, the paper says.

But the Czech Republic is unwilling to conclude any readmission agreement with Germany until a standard border between it and Slovakia is established. Most illegal migrants enter the Czech Republic via Slovakia.

The paper writes that almost one-half of the people detained on the Czech border are citizens of the former Yugoslavia's countries, and their number has markedly increased since last summer.

Bulgarians constitute less than 16 percent of the refugees and Romanians less than 14 percent, compared with almost 50 percent last year.

Sixty percent of the foreigners who attempted to cross the Czech border to the West illegally, entered Czech territory legally. More than 86 percent of them came via Slovakia, the paper writes.

In 39 percent of the total of cases, the way of entering the Czech Republic was not clear, while illegal entry to the Czech Republic was proved in only about one percent of those detained on the border, the paper points out.

Meciar at Roundtable With U.S. Editors

LD1805183993 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1630 GMT 18 May 93

[Excerpts] Slovak Prime Minister Vladimir Meciar, who is paying a working visit to the United States, met the editorial board of THE WASHINGTON POST at 1700 our time. Although the editorial board did not wish other journalists to participate, our reporter Peter Susko managed to gain more detailed information.

[Susko] Leading U.S. daily papers are accustomed to holding meetings in their offices with prominent figures on both the domestic and foreign political scenes. The meetings take the form of informal conversations, a kind of roundtable discussion covering a wide range of topics. [passage omitted]

According to available information, attention concentrated on topical international political questions. There was talk, above all, about Yugoslavia, about why Slovakia wants to be a member of NATO. Vladimir Meciar replied that it is because we are too small a country not to be a member of some alliance. The talks also dealt with Ukraine and its nuclear potential and, finally, with nationality issues in Slovakia.

By the way, THE WASHINGTON POST has not lately been favorably inclined to positive assessment of the development in Slovakia. We will see if conversation the views of its editors will change after this conversation. [passage omitted]

An important point on the agenda of the prime minister's visit is that during his four-day stay in the U.S. capital he will give exclusive interviews to THE CHRISTIAN SCIENCE MONITOR, THE WALL STREET JOURNAL, and the Saudi Arabian 'UKAZ daily.

Minister Kubecka Outlines Economic Measures

AU1805143093 Bratislava HOSPODARSKE NOVINY in Slovak 14 May 93 p 9

[Interview with Minister of Economy Jaroslav Kubecka by Iva Kerna; place and date not given: "We Are Talking With Minister of Economy, Engineer Jaroslav Kubecka on New Economic Measures"]

[Text] [Kerna] A total of 38 percent of organizations of the Ministry of Economy of the Slovak Republic are participating in industrial production. In an analysis of the current situation in your sector, you suggested—in view of the bad situation—several short-term measures. What is their main goal?

[Kubecka] The goal of the proposed measures is to create the prerequisites for a revival of economic activity in enterprises that have prospects for development.

If we fail to resume production quickly in at least 136 enterprises that are capable of being sold for more than 69 billion Slovak korunas—of this, three fifths of their production could go abroad at the credit rate of 11.8 percent—then we put 143,000 jobs at risk, and—what is even more serious—the overall economic situation would worsen in Slovakia.

By the proposed measures, we want to create the conditions for a revival of the economy. They will be implemented by banks that are guarantors of the efficiency of granted credits and the harmonization of those credits with our measures.

In view of the current unfavorable state of the Slovak economy, it is inevitable that we adopt short-term measures to curb the decline in the employment rate, maintain the convertibility of the Slovak koruna, and speed up privatization—which is based on the draft concept for the Slovak Republic's economic policy for 1993.

[Kerna] What problematic spheres are targeted by this set of measures?

[Kubecka] The first part is oriented toward improvement in the entrepreneurial sphere. Manufacturers of marketable products designated for exports, and requiring minimum imports, must have access to the said credits.

We have divided the organizations into three groups. Those in the first group are able to repay the debt within the 6 months after the credit has been provided (106 organizations). They will use the credit to get over their shortage of funds at the moment, and to cover necessary production costs (basic raw materials, energy, and wages).

Enterprises in the second group (30 organizations) have their market secured (of them, almost 50 percent are export oriented), but the high interest rate on debt does not allow them to acquire new sources of credit. By acquiring credit and a market, they will become solvent enterprises able to pay their obligations to their suppliers and banks.

In the third group (53 organizations), there are enterprises demanding credit for investments with a short return. They are able to pay off the debt within a year, and to increase their marketable production, even this year.

The second part of the measures deals with the internal convertibility of the Slovak koruna.

The goal of freeing credit resources in this sphere is to support the export policy, strengthen the monetary reserves of the National Bank of Slovakia, stabilize the internal convertibility of the koruna, and speed up the circulation of money.

The third part of the set of measures—which is no less an important part of the set—deals with creating job opportunities. In the chapter called Strategy for Revival of Economic Development in the Slovak Republic, stress is laid on creating job opportunities. One of the forms of how to do it is to develop entrepreneurial activities in the

private sector, mainly in the sphere of tourism. It has been proposed to designate 205 million Slovak korunas from the state budget (195 million Slovak korunas from the Slovak Ministry of Economy's budget item) to provide advantageous credits—while using the accepted mechanism of the Slovenska Zarucna Banka [Slovak Guarantee Bank]—to support foreign and domestic expositions oriented toward tourism, to create propagation and information centers abroad, to establish a network of tourist offices in the Slovak Republic, etc.

The acceleration of the privatization process by standard methods will contribute to the creation of funds in the National Property Fund. Enterprises worth 14 billion Slovak korunas were singled out for sale to foreign investors, which we consider to be a realistic possibility to quickly acquire the necessary funds.

[Kerna] When would it be possible to expect a favorable and consolidating effect of the new measures?

[Kubecka] We have so scheduled the implementation of the entire set of measures as to not postpone the final solution of the problems into the second half of the year. By adopting the measure on or before 30 June 1993, by the end of 1993 the favorable and consolidating effects should begin to appear.

[Kerna] Conversion—this is an entire complex of political, military, economic, social, and psychological aspects. The ministry is preparing the introduction of civilian production in the arms industry. What problems are you mostly afraid of regarding this?

[Kubecka] The sharp decline in arms production in Slovak enterprises represents a serious economic and social problem, which requires fast and consistent measures. Until now, measures taken by former Federal organs and Slovak governments have only solved the problems partially. In view of the scope and dynamism of phasing out the military production implemented in the period of economic recession and the transition to a market economy, the said measures did not allow the creation of conditions for a smooth start of substitute programs in 1991 and 1992.

In the current period, the process of the conversion of arms production has got into a critical situation. Without adopting principal and quick measures, and without help from the government, there is a real threat of an economic collapse in all important enterprises designated for conversion. One of the possible outcomes is fast privatization. Within the framework of the transformation process, the Slovak Ministry of Economy is preparing the separation of civilian production in enterprises producing arms, and in units producing special technology the state will have majority participation.

The singled-out civilian production will have better chances for survival and development. At the same time, there is a great interest in civilian production of the enterprises, the number of rival privatization projects presented within the deadline and the interest of entrepreneurs to present even more rival projects after the deadline testify to this.

In newly established organizational units dealing with the production of special technology, it will be necessary, for their further existence, to get rid of unnecessary and unrecoverable assets (claims, inventories, credits, etc.). This can only be done by cutting fixed assets.

Moreover, it will be necessary to set organizational and economic conditions for managing these organizational units, with the permanent participation of the state. It will be possible to utilize such arms producing capacities, within the framework of the limited continuation or arms production, to cover the needs of the army and security units of the Slovak Republic, and export to politically feasible territories. Limited arms production should attain a level, between 15 and 20 percent of the original capacity.

At present, the Slovak Ministry of Economy has presented, in the Slovak Government, a draft for possible solutions to the critical situation in enterprises dealing with arms production, where short-term government measures are so formulated as to have minimal impact on the Slovak Republic's state budget.

[Kerna] Small and medium-size businesses, too, are waiting for stimuli to help them solve their own problems....

[Kubecka] The Slovak Government arrived at the opinion that it is essential to take steps which would create the prerequisites for the development of small and medium-size businesses. This opinion is based on the knowledge that, in all advanced market economies, small and medium-size businesses make up between 70 and 90 percent of economic entities. They provide between 45 and 70 percent of jobs and produce 40 to 60 percent of gross national product. The structure of the existing Slovak economy does not offer the opportunity for such proportions. It is, therefore, necessary to stress the role of small and medium-size businesses in the process of restructuring.

In its resolution no. 862 of 1992, the Slovak Government unequivocally confirmed this necessity. It tasked the minister of economy to draft a comprehensive program for support to small and medium-size businesses. This resolution was based on the principles contained in the Strategy for the Revival of the Economic Development of the Slovak Republic. The principles for support of small and medium-size businesses are firmly anchored in the Slovak Republic's industrial policy.

[Kerna] What are you going to stress in your comprehensive support to small and medium-size businesses?

[Kubecka] Above all, we must utilize financial and institutional tools. By using financial tools, passive

direct support will be changed into an active mobilizing element of development of small and medium-size businesses.

The Slovenska Zarucna Banka [Slovak Guarantee Bank] has been active in this direction for almost two years. Its activity is narrowly linked to support to small and medium-size businesses. Let me note the basic data on its activity in 1992:

—the bank provided guarantees amounting to 289.4 million korunas on credits amounting to 20 million korunas;

—the bank was personally involved in the so-called green credits [zelene uvery], in the framework of which it provided guarantees for 316 agricultural organizations to the amount of 538.3 million korunas;

—within the framework of the Slovak Government's development programs it provided grants to cover interest amounting to 180.2 million korunas.

The Czech-Slovak Development Support Program for small and medium-sized businesses has met with an extraordinary response. Within the framework of this program, a financial contribution (refunding up to 70 percent of interest charges) is used to reconstruct and modernize accommodation and catering facilities and facilities providing additional tourism services (bed and breakfast accommodation, motels, motorests, cafes, restaurants, pizzerias, fitness centers, saunas, camp sites, and so on).

Within the framework of the PHARE [Economic Reconstruction Aid for Poland and Hungary] Fund guarantees scheme, the Slovak Guarantee Bank [SZB] began in 1992 to provide guarantees for credits of up to 4 million korunas. The PHARE program earmarked 2 million ECUs [European Currency Units] for this.

There are plans to considerably expand the SZB's activity in 1993. However, this depends on generating or acquiring the appropriate funds. In this regard, there is a further promise of foreign aid from the PHARE Fund. Let me just mention the scheme that provides nominal guarantees for loans of up to 500,000 korunas, a scheme implemented in March 1993 and involving 1 million ECU.

Tax exemptions for newly established business entities—in accordance with specific conditions (Finance Ministry Measure No. 69/1992 contained in Finance Ministry Measure No. 3324/1992 of 15 September 1992)—provided further support for enterprise in 1992. According to Finance Ministry estimates, tax relief amounting to some 500 million korunas was provided here.

The Finance Ministry has prepared an amendment to this regulation for 1993, according to which the differentiation between the types of tax relief is specified:

—by the stake of a foreign participant in the holdings of a taxable entity;

—by the location of entrepreneurial entities in select regions.

Tax exemptions are envisaged for 1-3 taxation periods (provided the required conditions are fulfilled), while tax relief will be differentiated.

Unfortunately, the aforementioned Slovak Government regulation will not provide a greater stimulus for the qualitative development of entrepreneurial activity in the tourism sphere. Tax holidays only relate to businessmen-legal persons starting out after 1 January 1993, thus excluding current businessmen, who fundamentally influence the range of tourist services and their overall standard, from this advantage. Similarly, these advantages do not relate to businessmen-physical persons, who are dominant in tourism (according to the business register, businessmen-physical persons account for 88.8 percent—that is, 16,259 of the 18,307 business entities—of the overall number of businessmen involved in tourism).

An important element of support for business—and also for employment—is the financial contribution paying for the costs involved in creating new jobs (Labor and Social Affairs Ministry Decree No. 342/1992), within whose framework 2,857 million korunas were paid in 1992 for 95,713 newly created jobs.

[Kerna] What will the Program of Comprehensive Support For Small and Medium-Sized Businesses contribute?

[Kubecka] In the Program of Comprehensive Support For Small and Medium-Sized Businesses—which was put forward at a government meeting in April—the Economy Ministry suggested implementing the following support programs in 1993:

START—with the aim of creating advantageous conditions for the establishment and initial development of small businesses;

DEVELOPMENT—with the aim of creating advantageous conditions for small and medium-sized businesses in fulfilling their goals;

REGION—with the aim of supporting the development of small and medium-sized businesses in select regions that are economically weakened and disadvantaged due to the structural changes in the economy;

PATENT—with the aim, by means of advantageous conditions, of making it easier for small and medium-sized businesses to utilize the products of science and technology.

As a matter of principle, the support will take the form of guarantees for up to 75 percent of commercial bank credits, plus grants covering up to 75 percent of interest payments, with nominal limits being set for individual support programs. Support from foreign funds will constitute a separate item of support for enterprise.

It needs to be said, however, that, as regards the sphere of financial instruments, not all funds earmarked for this purpose in 1992 had been exhausted. Even though this

was due largely to the limited availability of credit resources from banks, it also shows that the entrepreneurial public is not sufficiently informed.

Virtually all the aforesaid financial instruments of support for small and medium-sized enterprise should be fully operative in 1993. The provision of these instruments will be expanded or improved in some cases. Naturally, this depends on the generation of the appropriate funds.

Institutional instruments—this is a network of information and advisory and consulting centers, the main objective of which is to initiate the development and growth of small and medium-sized businesses. The main role of these centers ought to be to provide information and advice.

Even though 35 consulting-entrepreneurial centers (PPS), three regional information and consulting centers (RIPS), and one business innovation center (BIC) were in operation in 1992, it is apparent that the network of these institutions is insufficient. It is necessary to enhance the functionality of these institutions by reinforcing their staff, raising the staff's qualifications, and bringing their activity to the public's attention.

In the interest of coordinating the activity of this network and mediating foreign aid for small and medium-sized businesses, the National Agency for the Development of Small and Medium-Sized Businesses in the Slovak Republic was set up at the beginning of 1993. It was established on the basis of an analysis of a great deal of foreign experience as an independent agency representing the top link in the network of state and non-state organizations involved in the promotion of small and medium-sized businesses.

Within the framework of its basic mission (initiating the development and growth of small and medium-sized businesses), the agency secures the coordination of all activities, including financial activities, at the international, state, regional, and local levels in support and development of small and medium-sized enterprise. As far as its other tasks are concerned, let me mention support for, and development of, regional information and consulting centers, cooperation with consulting-entrepreneurial centers, link-up to the existing European databases in the entrepreneurial sphere, the establishment of the Information Center, and so forth. Apart from that, the agency will act as the managing unit for the "Small and Medium-Sized Businesses" project within the PHARE program and will ensure and coordinate assistance from the PHARE Fund in the Slovak Republic.

The agency will cooperate closely with the Slovak Subcontractors' Exchange [Slovenska subdodavatelska burza], which is being set up by the Slovak Ministry of Economy in cooperation with the French firm C.E.I.E. Consultants. The main mission of the exchange will be to collect information on free production capacities in Slovak enterprises that could be let out or that could undertake work under a subcontract, to mediate foreign partners' offers, and to provide concomitant consulting and other services.

Naturally, we continue to reckon with the operation of RIPS's (whose number will increase to 10 in 1993), PPS's, and BICs and expect their operations to profit from coordination with the agency.

An important institutional instrument of the Slovak Republic's industrial policy, one that will positively affect the financial support for small and medium-sized businesses, will be the Fund for the Development of Slovakia. Any corporation and individual entrepreneur can ask for support from this fund. The fund's objective is to encourage and promote the interest of the entrepreneurial sphere in implementing the targets of the Slovak Republic's industrial policy, in carrying this policy into Slovakia's regions, and in translating it into research programs and technological development projects.

Army Denies Reservist Call-Up Linked to B-H

LD1805212493 Budapest Kossuth Radio Network in Hungarian 2000 GMT 18 May 93

[Text] During the past week some 2,000 reservists have been called up for further training at the south Trans-Danubian and the south Great Plain units. Army leaders emphasized that these call-ups follow training schemes and are not related to the fighting in Yugoslavia.

The training of reservists had been suspended in the past year or two and the military leadership now considers important that the reservists too should acquint themselves with the new military technology.

Jeszenszky Interviewed on Current Issues

AU1805164493 Budapest NEPSZABADSAG in Hungarian 15 May 93 p 6

[Interview with Foriegn Minister Geza Jeszenszky by Oszkar Fuzes and Istvan Zalai in Budapest; date not given: "Patience and Soberness Are the Only Correct Way"]

[Excerpts] [passage omitted

[NEPSZABADSAG] Can you perceive a Serbian danger at the moment?

[Jeszenszky] In addition to the establishment of a greater Serbia—if this can at all be established—Serbia's rebirth is also in process. This in itself is not a negative process because the artificially constructed federations have failed and real national sovereignties are being created in their place. It is very important for these nations to find their places next to each other and not to try to ensure bigger areas for themselves to the detriment of the others. [passage omitted]

The Serbian people and the Serbian nation do not present a threat to us. It is politics that is dangerous. However, Hungarian politics has a strong tradition of appreciating the Serbs. [passage omitted]

[NEPSZABADSAG] Looking at it from a historical perspective and as a current issue, what dangers can be presented by the reappearance of radical and populist nationalism in Hungarian politics?

[Jeszenszky] [passage omitted] In my view, the importance and role of this is very small in Hungary and it has no chance.

The fact that no generalized antagonistic atmosphere has been created in the masses of Hungarian people and in politicians against any of our neighbors by the very many provocations and disappointments received from some of our neighbors is a proof of the patience and soberness of Hungarian people. This is in spite of the fact that, as we can see it, the local Hungarian minority and Hungary are seen as enemies in some of the neighboring countries and this is what the general public is made to believe. This can be averted and worked off through a very patient attitude, and I can see some signs of this. In Slovakia, for example, a calming down can be seen in recent weeks, the anti-Hungarian campaign has eased off, and I hope that this will be a lasting trend.

[NEPSZABADSAG] However, many neighboring countries probably believe that Budapest provokes them through the not so responsible statements of responsible politicians and sometimes through the irresponsible statements of irresponsible politicians.

[Jeszenszky] The two things can only be compared from the social-psychological point of view at the most. However, if we compare the various statements that are felt or declared to be provocative, we can see huge differences. In Hungary, even people who voiced the most controversial views have not said anything comparable to the statements appearing by the dozen in the newspapers of the neighboring countries each month. In Romania, extremist views are published even in the respected organs that are close to the government which attack Hungarian political personalities of all parties, the president of the republic, the prime minister, and others. The diversion of the Danube is a practical example of a serious provocation. This difference has to be seen, although it must not be used for arousing domestic feelings. However I am sorry to see that the Hungarian press—I assume unintentionally—describes the statements of responsible Hungarian politicians, perhaps that of politicians in less important positions, as unfortunate and provocative. All they have done is to declare facts, at the most, and it is very unjustified to conclude from these that they meant territorial demands and a demand for border changes. I am thinking of the statement that dealt with the circumstances of attaching the Vojvodina to Yugoslavia. This established a historical fact and it should not have been allowed to suggest—sometimes even in the Hungarian press—that the mention of this fact understandably provoked our southern neighbor. All it did was refer to the fact that, in respect of international law, the dissolution of Yugoslavia is a good opportunity for the locally desired change in the legal status of the Hungarian minority to take place, and it was also a reply to the fact that the autonomy concept of the Vojvodina Hungarians had been discarded in the first round. [passage omitted]

[NEPSZABADSAG] Did you expect such a big debate in connection with the [Hungarian-Ukrainian Basic] Agreement?

[Jeszenszky] [passage omitted] In my view, a number of factors contributed to the emergence of such a debate. In my view, it is a big mistake to think that we have witnessed extremism and a renewed Hungarian irredentism. In fact, in my view, there were very few speeches that should not have been made. The decisive majority, even of those who voted against it, were not led by the concern that the greater Hungary was being buried here, rather, they were concerned about the effects of the agreement on the Hungarians living beyond the border, whether they would lose hope and be driven to seek their

future in Hungary. They were also concerned that, on the basis of the disputed passage, certain neighboring countries would not simply demand a similar clause, but would feel that they have a "free rein" over the Hungarian minorities.

This has happened before. In 1958 in Marosvasarhely [Tirgu Mures], Janos Kadar stated that Hungary did not have territorial demands. With this, he did not really exceed the peace treaty. However, this was followed by the termination of the Bolyai University and the Hungarian Autonomous Province. Therefore, honest concerns are not completely without reason. The answer to the concerns is that the future of the Hungarian minorities and their stay in their present place can be ensured by their self-organization, self-government, and self-administration. In the agreement, there is also a framework for this, Ukraine takes on an obligation to do this. In addition to the fact that, for historical reasons, we did not have a peace treaty with Ukraine, this is the reason I so firmly supported this agreement. This is why we emphasize that, in the case of other countries that were part of the peace treaty, this formula (the two countries do not and will not have any territorial demands against the other; editor's note) cannot be a basis for reference or a precedent. We are not thinking in terms of this kind of formula. However, this is a precedent in the sense that I can envision agreements, with similar contents, with all our neighbors, that ensure the future of the Hungarian minority. [passage omitted]

[NEPSZABADSAG] However, the Romanian side can argue that, according to some government party politicians in Budapest, "Yalta is dead," therefore, many things can change, including the borders.

[Jeszenszky] "Yalta" did not decide on the borders and it is not in this sense that it is dead. It is the European division linked to Yalta that has ended. European integration has replaced it, even if it is progressing slower than hoped for. However, the difficulties do not change the fact that this is the solution. When we talk about the new European order it includes the fact that the states have broken up, but disintegration is accompanied by a process of integration. Integration in Europe is a common goal and this also means the desire of the former partners to be together again.

If the peace treaty and a strong army are not enough guarantee for Romania then joint entrance to the European integration may reassure it. As a matter of fact, we are also very happy to hold negotiations about the agreement with Romania and Slovakia. However, the confirmation of the borders, if justified at all, is not the first but the last point of this. This is a complete system that includes economic and cultural links, national minority issues, and many other things that can be found in the Hungarian-Ukrainian agreement, or possibly even more. Then we will get to the point when we can start talking about the need for giving territorial and border guarantees and discussing the form these should take. [passage omitted]

Privatization Minister's Visit to China Reviewed

LD1605205293 Budapest Kossuth Radio Network in Hungarian 2000 GMT 16 May 93

[Text] Tamas Szabo, the minister responsible for privatization, has returned from his almost one-week visit to China. We received Krisztina Hadas's report from Ferihegy Airport a few minutes ago:

[Hadas] During his three-day visit to Beijing Privatization Minister Tamas Szabo met with China's economic and political leaders and the president of the republic as well. At our talks we discussed China's economic system change, Tamas Szabo said, then he added that the PRC has set itself to the task of achieving social market economy. What social market economy means, Tamas Szabo could not tell either. In his opinion this phrase is a necessary political formula. It is certain that the Chinese leadership has been planning the creation of a private sector and opening up toward foreign countries, the minister emphasized. The Chinese politicians and experts of 12 countries invited to the talks, among them the United States, Germany, and Japan showed an interest in the Hungarian privatization.

Answering a question from the [this station's] "Chronicle" program, Tamas Szabo said that parliamentary and press criticism concerning his person and the Hungarian privatization do not influence foreign investors. Everybody is clear about the role of the press and about the fact that there are always people who are talking rubbish, Tamas Szabo said.

Kuwaiti Minister Gives News Conference

AU1805164893 Budapest MTI in English 1319 GMT 17 May 93

[Text] Budapest, 17 May (MTI)—The Kuwaiti amir expressed thanks to the Hungarian people and its government for their support for the just cause of his country during its confrontation with Iraq. The relevant message was presented to Hungarian President Arpad Goncz by Kuwaiti Minister of Communications and Minister of State for Housing Affairs Habib Jawhar Hayat in Budapest today. The minister, who visited Hungary as the amir's special envoy, gave a news conference today.

Habib Jawhar Hayat asked the Hungarian politicians to continue supporting Kuwait in the international arena. Support is all the more needed since Iraq has not yet implemented the UN resolutions: It does not recognize the final borders of Kuwait, and challenges the territorial integrity of that country. Kuwait is particularly concerned about the fact that, despite international pressure, Baghdad has not yet released the 600 Kuwaiti citizens carried off during the occupation of the country. The minister said Kuwait asked its friends, including Hungary, to repeatedly call upon Iraq to release the Kuwaitis.

Concerning bilateral relations, Habib Jawhar Layat said Kuwait was prepared to develop economic relations in all fields. Cooperation between the two countries has a long tradition. Kuwait was the first country in the Gulf to establish diplomatic ties with Hungary. Economic cooperation is facilitated by the two countries' investment protection and air agreements. Preparations for an agreement on the elimination of double taxation is under way, he said.

Habib Jawhar Layat said Kuwait would launch ambitious housing projects and invite tenders from foreign construction companies, including Hungarian firms, for them. He said his country wished to take part in the 1996 World Expo in Budapest.

KDNP Chairman Views Party's Economic Program

AU1805172093 Budapest NEPSZABADSAG in Hungarian 17 May 93 pp 1, 6

[Interview with Welfare Minister Laszlo Surjan, chairman of the Christian Democratic People's Party, by Jozsef Szabo Bartha; place and date not given: "The Water Has To Be Removed From a Sinking Ship"]

[Text] NEPSZABADSAG reported on the Christian Democratic People's Party's [KDNP's] economic program on 14 May. In this, the KDNP attacks the government's economic program. Among other things, the document states: "Economic policy does not have a manager in the government. The current practice will only lead to further economic losses, and what is more, it actually threatens the democratic system itself." This program is not official yet but it is certainly suitable for discussion. It can also indicate that the KDNP is a party suitable for government, Laszlo Surjan said in his interview.

[Bartha] In addition to establishing a new economic top ministry, the KDNP has also considerably limited the Hungarian National Bank's [MNB's] sphere of authority by stating: "Its independence can only extend to regulating the money supply according to the needs of the economy."

[Surjan] We also have debates on the MNB's independence within the KDNP. These debates are no smaller or bigger than those among economists or in any other workshop. My own opinion is that the law on the MNB has more or less put this issue right, because the independence of the bank is clearly declared in it together with the fact that it has to support the government's economic policy.

[Bartha] The KDNP states that our credit conditions are constantly deteriorating and it suggests that a new strategy be drafted which "in addition to fulfilling the obligations, resolutely tries to achieve better credit conditions and to reschedule the debts."

[Surjan] Our credit conditions have improved following [Finance Minister] Ivan Szabo's talks. Another 18-month agreement can be made with the IMF and, in my view, this in itself will stabilize the country's credit position.... After reading the draft program in the NEPSZABADSAG, many banking people telephoned me and warned the KDNP from starting some kind of withdrawal as far as foreign debts are concerned and from questioning our readiness to pay. However, if you read the draft program carefully, it clearly states that we consider it extremely important to meet our debt obligations. It would be cheap demagogy to say that it was not us who made the debts—and it was not—so the communists should pay them. The momentary benefit gained from suspending the debt payments would cause tremendous damage. However, we should achieve better payment conditions.

[Bartha] The KDNP finds the current process of privatization damaging because "it sweeps the country into a Latin-American situation...."

[Surjan] In our view, it is important to have social justice and the broadest possible basis of owners. We welcome the fact that a move has been made in this direction but this is not enough. We would not like a situation to arise where the social group that, in theory, has been given property would not actually get any assets because by the time compensation "catches up with them"—I am mainly thinking of peasants and people working in the food industry—the land and factories intended for them will have been privatized.... Things are progressing in this country, but not very fast and this is not good. We believe that there has to be order in the country. An order concerned about democracy! If disorder prevails, then a desire could emerge in the majority for someone to come and create order. This has to be prevented by all means.... The government's economic policy has noble goals but I can see many flaws in its implementation. We urge positive changes. For this very reason, its has to be examined very urgently whether the privatization income projected in the 1993 budget can be achieved. In fact, are we supposed to achieve this in the current situation? It is an important question what is the bigger problem, if we achieve it or if we do not?

[Bartha] The government's 1994 budget will soon be drawn up. What is the KDNP's view on this?

[Surjan] If the government is preparing a soft budget to achieve cheap success at the elections, we will not support this because the country will certainly fall victim to this. The KDNP's view is that we have to prepare a budget that does not allow the deficit to acquire unlimited heights. It subordinates everything to economic growth. Even success at the elections.... As a start, the government set itself the most important goal of curbing inflation. The KDNP's experts also recognize the results of this. However, it now has to be seen that curbing inflation starts to have negative effects after a certain period. Although the government started off in this direction one year ago, the implementation is very slow.

[Bartha] Let us return to the budget: You say that we have to concentrate on expanding production.

[Surjan] This is precisely so. The source of this has to be found even at the cost of deficit. I can firmly state that, to achieve this goal, we have to have talks again and again with the international organizations.

[Bartha] The KDNP's social program is no less radical. For example, it says that "we have to strive for full employment...."

[Surjan] We are back to the simple sentence professed by us which was mocked by many people in 1990. It said: Good economic policy is the best social policy. We must not spend any more money on turning the country into a country of people on benefits. Development and production are the points for breaking out....

[Bartha] In recent days, you have said many times that the KDNP is ready for a consensus in the interest of a nation-saving program.

[Surjan] Certainly. Even on a two-party basis. Out of many two-party talks can come a healthy multi-party agreement. The responsibility of a whole nation is needed to end the danger situation.... It is very important to avoid the emergence of a mood of "it is all over next year, anyway." The country has no time to waste. This equally applies to the government, ministers, Parliament, and the parties. It would be a big mistake to subordinate the country's interests to the election campaign. The water has to be removed from a sinking ship and the holes have to be blocked—by all of us, to the last minute.

Finance Ministry Forecasts 20 Percent Inflation

AU1705143393 Budapest MTI in English 1305 GMT 13 May 93

[Text] Budapest, 13 May (MTI)—Annual inflation is expected to be about 20 percent this year, said Finance Ministry Deputy State Secretary Almos Kovacs to the press Wednesday [12 May].

Projected annual inflation for consumer durables is 10-15 percent, but for food it is 30 percent.

Last December the government revised down its earlier inflation forecast for 1993 to 14-17 percent from 17-19 percent.

Monthly inflation in January was 6.8 percent, but only 25.9 percent for the preceeding 12 months. The high January increase was officially explained by changes to value added tax (VAT) rates which took effect at the start of the year.

In February, monthly inflation was 1.7 percent and the 12-month figure 24.7 percent. In March the increases were 0.8 percent and 23.4 percent.

Last year consumer prices increased by 23 percent, with 12-month rates of 28.2 percent to January 1992, 20.1 percent to July, and 23.4 percent to October.

Government-Solidarity Talks End Unsatisfactorily

LD1805221393 Warsaw TVP Television First Program Network in Polish 2148 GMT 18 May 93

[Excerpts] [Announcer] The government-Solidarity talks were suspended some minutes ago. Solidarity National Commission Spokesman Grzegorz Jaczynski said the government proposals were unsatisfactory as far as the negotiating group was concerned. The results of the talks will be presented to the Solidarity National Commission. It will then decide whether to accept or reject the government proposals.

[Unidentified reporter] Today's talks were a test of strength between the government and Solidarity. The future of Hanna Suchocka's cabinet probably depends on the outcome of this meeting. [passage omitted]

Not many details about the meeting itself have been reported. We have managed to learn that the most difficult matters were pay issues, about which the government side did not want to talk.

The discussion concerned, among other things, the setting up of two government-trade union commissions that would, first, review the most important issues that the union wants settled and also review the pay situation in next year's budget.

It turned out that the talks have been suspended, while the government proposals were unsatisfactory as far as the union was concerned.

Opposition Desire for New Government Reported

AU1805113693 Warsaw ZYCIE WARSZAWY in Polish 13 May 93 p 4

[Report by Igor Zalewski and Piotr Zaremba: "The President Is on the Opposition's Side?"]

[Text] "President Walesa supports a change of government and is already holding talks with the present opposition on this subject," say politicians from the Confederation of Independent Poland [KPN]. The Belvedere, they claim, is offering the prime ministerial position to more and more politicians. The KPN itself is demanding the dismissal of two ministers and legal proceedings against a third minister.

We have learned that President Walesa has commenced talks with opposition parties (so far the KPN and the Polish Peasant Party PSL) on the subject of a change of government. Apparently, the Belvedere has given the opposition initial approval to establish a new government line-up, but it is not certain whether Walesa will approve of the idea of earlier parliamentary elections called for by the KPN.

"If Solidarity does not submit a motion for a no-confidence vote in the government, we ourselves will do so in one month; in other words, we will announce a candidate for prime minister," KPN parliamentary club leader Krzysztof Krol has officially said. "Our present candidate is Leszek Moczulski."

On an unofficial level, however, KPN politicians admit that they would also accept an alternative prime ministerial candidate provided that he headed a provisional government that would prepare for early elections. This might be someone who enjoys the Belvedere's support.

"The President is offering more and more politicians the post of prime minister," say politicians from the present ruling coalition. "Several weeks ago he made such an offer to Peasant Accord leader Gabriel Janowski. Now Solidarity leader Marian Krzaklewski has received such an offer, too."

"The new government would be the fulfillment of Jan Lopuszanski's plan," says politicians from the KPN and PSL. Let us recall that Lopuszanski, a politician from the Christian-National Union [ZChN], suggested, without consulting his party beforehand, that the present government be replaced by a new one consisting of a coalition of the ZChN, PL, KPN, PSL, Center Accord [PC], and Movement for the Republic. In Lopuszanski's plan, the political backdrop for this coalition would be provided by the Belvedere.

The stance of the PC on this matter is unknown. Its leader, Jaroslaw Kaczynski, is in hospital, but a PC deputy on close terms with Kaczynski said that the "fulfillment of Lopuszanski's plan would lead to a 'mock-Belvedere' government even worse than the present one." Nevertheless, more and more KPN politicians would like to see a rapprochement between the PC and the president.

Krzysztof Krol has said that the KPN will petition the Sejm to hold a vote of no-confidence in Ministers Waclaw Niewiarowski (industry and trade) and Zdobyslaw Flisowski (national education). The former is accused of being incompetent and lacking an industrial concept, whereas the latter is accused of abusing school-leaving examinations for political purposes and lacking ideas on the subject of education. The KPN parliamentary club has also approached Prime Minister Suchocka with a motion to recall the deputy ministers of education, Kazimierz Marcinkiewicz and Anna Urbanowicz. The KPN will also ask the prosecutor general's office to bring charges against Finance Minister Jerzy Osiatynski for omitting to mention, in a leaflet on how to pay income tax published by the Finance Ministry, several important concessions for tax-payers, for example the fact that third-party liability insurance premiums and fees to school parent-teacher associations are tax-deductible.

Ministers, Solidarity Discuss Strikes

WS1705140093 Warsaw TVP Television First Program Network in Polish 1910 GMT 13 May 93

["Only on One" program with government representatives: Deputy Prime Minister Pawel Laczkowski;

Finance Minister Jerzy Osiatynski; Labor Minister Jacek Kuron; Solidarity representatives Chairman Marian Krzaklewski and Deputy Jolanta Bienkowska; Anna Tomaszewska, chairman of the All-National Strike Committee of the State Budget Financed Employees]

[Excerpts] [Krzaklewski] A possible decision of the trade union concerning the vote of no-confidence is not equal to the intention of forcing the government to resign. The circumstances have changed so much that now the trade union is incapable of implementing its statutory goals and pro-reform pressure tasks with such a partner. [passage omitted] This is a most fundamental controversy. We are not overthrowing the government as those who struggle for power, or those who pave the way to take over power. Simply in a situation in which we have a choice between a destructive general strike [words indistinct] we reach for the parliamentary weapon. It is, however, a weapon that should make the government think before the vote of confidence is actually held. We expect the government to be open to negotiations; we think that this is possible. We must try harder, and we must also define the word consensus, because so far the government has not been speaking about a consensus; it has said that it will not budge. Then there will not be a consensus at all. [passage omitted] As the vote of confidence is held, we will also have a chance to test the political arrangement, and maybe we will find out why the government's policy toward Solidarity has changed. Well, if it turns out that the Democratic Left Wing Alliance votes against the vote of confidence, it will be clear where we are and where we will be soon. This test is indeed necessary, because we want to know why the government's policy toward Solidarity has changed so much. [passage omitted]

[Kuron] [passage omitted] People are suffering, while we are discussing tests for the coalition, for politicians, for the government. [passage omitted] The attempt to force the government to step down, as a form of pressure, is simply immoral. This causes anarchy, and it is clear all along that then neither teachers, nor the health care sector, nor patients will get the money. [passage omitted] The problem is whether we will be able to make structural changes in the health care sector, in education, etc. We must realize that the budget crisis afflicts not only Poland; it is everywhere in the West. Everywhere there is a crisis of expenditures on social matters. Either we sit down and as intelligent partners try to figure out how to best solve all the problems with the small financial resources, or we will play a game of tests. I can tell you right now: I do not need to be tested. If the chairman is sure that this will add more money to the budget, I can resign today.

[Laczkowski] [passage omitted] You [referring to Krzaklewski] expressed an opinion, and you have explained it quite clearly today, which is based on the convictions from the previous epoch. It was a time when we had authorities, we had a government that was prepared to print empty money for the sole purpose of staying in the government. It was ready to print money, to increase the budget deficit, which was beyond the financial capabilities of the state. This, among others, contributed to the crisis we are going through today. Now, when you, Mr. Chairman, say that instead of contributing to a general strike it is enough to put pressure on the government; it is enough to threaten that the government will be recalled; and if you think that it is enough to print more money in order to have a bigger budget, then that is totally wrong. [passage omitted]

[Osiatynski] If you are talking about the change in the budget, you must specify your demands. You demand more expenditures. That is correct, but what does this mean? Additional taxes? I heard no such proposals. The chairman spoke about the change in the distribution of money. Where shall I reduce the expenditures? [passage omitted]

[Laczkowski] [passage omitted] I do not know why Mr. Chairman assumes that the government is bent on withholding money from the state budget-financed sector. I would appreciate if you would tell me why the government does this. Why does the government not want to give money to the sector?

[Krzaklewski] There are three reasons for that. First, let us show that we will not budge under the trade union demands. We will be looked upon in the West [words indistinct] that we did not give way to the trade union. Second, due to a certain conservatism in thinking, we do not want to do this. Otherwise, they will say again that we have given way to them. Third, we cannot yield to Solidarity; it would be a success for the trade union; Solidarity would be stronger. [passage omitted]

[Osiatynski] You were talking about the possibility of giving additional money to the state budget-financed sector employees. Everyone, including the government, felt that the money earmarked for this sector is insufficient, and that it would be good if the sector could get more. Now, what was the agreement? [passage omitted] In the third quarter of the year the VAT [value-added tax] will come into force, and we do not know what the revenues will be then. If the revenues are greater after the third quarter, the money will be allocated for the budget sector. I want to assure you that, unless some other expenditures are imposed on us, the money will be found. Then I will have the money to raise the salaries of the budget sector employees. However, I will not have the money sooner than that. [passage omitted]

[Kuron] There are two issues on which we certainly agree. First, the whole of the consumption expenditures in the budget should be analyzed by trade unions, employers, and the government. The work that is done in the ministries should be public. We should know who will get more. [passage omitted] Second, we are discussing financial problems, but also we are talking about transformations in both sectors. Now, as for the transformations in the health care sector, I have no doubt that the trade union really wants them, and is a pioneer there; as for the education sector, I am not so sure. [passage

omitted] As far as the minimum salaries are concerned, there are two problems. One is that the raising of the minimum salary level is dangerous, because it will result in greater unemployment. Industrial plants do not want full-time employees; they can only give them part-time jobs because the pay is too high. This has proven itself all over the world. Japan, for example, where unemployment is the lowest in the world, does not have a minimum wage. This is one thing. We would be prepared to reach an agreement here. [passage omitted] If we agreed on a change in the minimum wage, then the money that has been earmarked for salary raises would be to a considerable extent devoured by the minimum salaries. [passage omitted]

KPN 'Conditionally' Submits No-Confidence Motion

LD1805130793 Warsaw PAP in English 1246 GMT 18 May 93

[Text] Warsaw, May 18—The rightist oppositional Confederation for an Independent Poland (KPN) has conditionally lodged with the Sejm a motion of no-confidence in the Suchocka government, spokesman for the parliamentary floor group Krzysztof Blazejczyk announced on Tuesday.

Blazejczyk said that a final decision from the caucus whether to proceed with the motion would depend on an indication from the government that it wished to make changes to the budget, and also whether KPN was convinced by this.

A decision from the parliamentary floor group of Solidarity deputies on a no-confidence motion signed so far by 49 deputies from several parties will be taken on Wednesday, Solidarity Deputy Alojzy Pietrzyk told a press conference in Katowice on Monday. He criticised the government for its failure to pesent a socio-economic programme. "I am counting on the fact that our motion might head off a general strike," Pietrzyk added.

Under the current constitutional rules, a no-confidence motion in the cabinet must be supported by at least 46 Sejm deputies, and must be debated within seven days of being lodged. An absolute majority is required to secure its passage.

Walesa Receives Kuwaiti Minister

LD1805214293 Warsaw PAP in English 1951 GMT 18 May 93

[Text] Warsaw, May 18—President Lech Walesa on Tuesday met the Amir of Kuwait's special envoy Habib Jawar Hayat to discuss bilateral relations and the opportunities to expand Polish-Kuwaiti economic contacts.

President Walesa told the Kuwaiti guest that Poland needs good contacts with Kuwait. "We know of your big economic capacity, but at the same time a medium-sized country in the middle of Europe has also good prospects. Therefore, I am convinced that we can do good business."

The envoy, who also holds the post of the minister of communications, thanked President Walesa for Poland's support during the Gulf war in 1991. He elaborated on the current situation of Kuwait and presented its international aspects. He stressed that Iraq, who invaded Kuwait in August 1990, does not observe the U.N. Security Council resolutions.

Earlier in the day, Minister Habib Jawar Hayat was received by Foreign Mhnister Krzysztof Skubiszewski. Minister Skubiszewski told the guest that Poland intends to sign with Kuwait an agreement on avoiding double taxation.

Under-secretary of state at the Foreign Ministry Andrzej Ananicz said that the agreement is crucial in the face of possible Kuwaiti capital investments in Poland. He added that "very good 30-year-old relations, though weakened after the Gulf war, are being restored."

Ananicz said that the Kuwaiti guest, who is on a mission to Europe, se chargoland's support for Kuwait's efforts to rebuild its sovereignty.

Goryszewski Satisfied With Moscow Visit

LD1805205693 Warsaw Third Program Radio Network in Polish 1900 GMT 18 May 93

[Text] Deputy Prime Minister Henryk Goryszewski returned from Moscow tonight. At Warsaw airport he said:

[Begin Goryszewski recording] I assess the visit as a very positive event, first of all at the political level. We exchanged views concerning a gas pipeline. Both Russia and Poland are keen to begin construction works as soon as possible, maybe early next year. The pipeline will carry gas to west Europe. We agreed that it will belong to a joint stock company, in which both Russia and Poland will have a considerable share. [end recording]

Solidarity Official Interviewed on Strike

WS1805130093 Warsaw Radio Zet in Polish 0615 GMT 12 May 93

[Studio interview with Solidarity Mazowsze branch leader Maciej Jankowski, by Jacek Skowronski; from the "Guest of Radio Z" program—live]

[Text] [Skowronski] Will the Solidarity National Commission decide at today's meeting to call a general strike, or will it oblige its legislative committee members to move for a vote of confidence in the government?

[Jankowski] You will find out in the news program today. Personally, I opt for both decisions—a confidence vote in the Sejm should be supported by a general strike if you really want to do this country good.

[Skowronski] Why should the government's resignation be good for the country?

[Jankowski] Because it has exhausted whatever little potential it had. It was staffed with the wrong people from the very outset.

[Skowronski] Who will support your move for the no-confidence vote?

[Jankowski] There are many parties and legislators who think that this government is bad. We must do this, because the government is neither constructive nor capable of accomplishing anything more. An important thing now is the composition of the next government—we are not going to get anywhere if the legislature again attempts to forge a new government, incompetent and politicized, in the quiet of its lobbies. I think there is only one best solution at this point—although it may not be carried out by the current Sejm—the legislature should set goals in the economic and social protection spheres, which the government will have to fulfill. This government would consist of competent people prepared to do hard work instead of pursuing their own political careers. Unfortunately, these people remain in obscurity, aloof from political gamesmanship. We believe that people should be in the government not because of their party membership, but because they are qualified to assume some specific assignments. I estimate the chances of this kind of government ever appearing at 10-20 percent. A great deal will depend on the deputies' self-preservation instinct. Besides, strong public support, including general strikes, could increase this chance. Of course, that would be a provisional government, holding office until the next elections. Since the electoral system favors the present alignment of forces, there is not much that legislative elections can really change. But if the Sejm does not do this, it will mean that the elections must be hastened. I believe that only single-seat electoral districts, under the majority system, can produce suitable people, who really accomplished something over the past three years instead of just starring on television and rebuking people for their economic stupidity.

[Skowronski] Is it the president who would appoint those people. Is that supposed to be a presidential government?

[Jankowski] No, I think that there is still a chance that this will happen according to a democratic procedure. If the legislature, however, fails to do this, willy-nilly the president will have to intervene. Under this scenario, public pressure remains a very important thing—although he is shrewd in the personnel policy and has many trump cards here, the president often plays them without bringing any benefits to society.

[Skowronski] Are you sure that the Suchocka government will resign?

[Jankowski] Yes. A lot of people have had enough of her. Besides, statements of coalition members themselves point to its prompt demise. They are so preoccupied with power games that they can hardly find any time to actually govern the country.

[Skowronski] What program would produce a government that you would be inclined to back?

[Jankowski] As a trade union, we cannot substitute for the entire state and politicians and come up with some economic plan. We just know what we demand as far as the economy and social protection are concerned. I believe that our role at this point is to make it clear what kind of government and what economic program we can accept and support. It may sometimes appear strange—why should a trade union go so far as to stick out for a confidence vote, going beyond the limits of its authority, instead of limiting itself to wage demands? This is because the country that we live in is strange. The government and the state are still our employers. Even worse, the government is constructed in such ways that it can make no logical decisions without first consulting with several dozens of state officials. What is natural in Poland may be seen as weird elsewhere.

[Skowronski] Do you think that a general strike should sweep the entire country?

[Jankowski] I am not in a position to speak on behalf of Poland. However, we have received such a demand from all over the country. It is not that I am an advocate of a general strike. I just think that it has to be done if we do not want to waste our opportnity, time, and money.

[Skowronski] Would we not waste exactly the same while holding the strike?

[Jankowski] No.

[Skowronski] Why?

[Jankowski] Because production in almost all enterprises is so low that a one-day work break can hardly change anything. Of course, I realize that we will not win by stamping our feet once, but there is no other way out—the society must learn how to voice its needs. There is now a clear division between enterprises that flourish thanks to various connections and string-pulling, and those who are pushed onto the margins of economic life. People were encouraged to take things into their own hands. And those who did not do so—that is, did not engage in smuggling, tax evasion, or trade on the black market—are regarded as dupes.

[Skowronski] Do you think that there are no rich people in Poland who made their fortunes honestly?

[Jankowski] Of course there are. I even know them personally, but they do not make headlines in the papers. If someone succeeds and does it honestly, we showcase it in some way. Everyone should remember, however, that the time of making quick fortunes is gone, and that throughout the world, 95 percent of people make their living from work and not capital operations, like in Poland. This is not normal.

[Skowronski] In part, the current strikes began in the state budget-financed industry branches. Where is the government supposed to take the money from?

[Jankowski] As I have frequently repeated, also on the Radio Zet, the strikes did not start in those branches. We predicted that things would take this turn yet a year and a half ago. As for the money, it would be enough to read the NIK [Supreme Chamber of Control] reports. While we need only 4 billion zlotys [Z], some Z14 billion in income taxes has not been paid. Another source of income is customs duties. Top customs officials sabotage attempts to toughen customs regulations, saying that this would result in huge lines on the border. Besides, paying Z4 billion to the teachers can by no means be called a salary hike, since their salaries keep declining every year. The government cannot and does not want to collect taxes from the rich. Its reasoning goes like this: We can still take a half million zlotys from the Z2.5 million that a worker at a state enterprise earns. You cannot overcome the crisis when you do not even know in what direction to go. Just like you can't reform the steel industry without a clear notion about whether or not you want this industry at all.

[Skowronski] On Radio Zet, you have repeatedly predicted an imminent outbreak of a general strike, which then never happened. Are you more positive about it now than you were before?

[Jankowski] This time it is a decision already, and I usually follow democratically made decisions. In the past, there was no strike atmosphere. Poles are very are very trustful people—once they elect someone, they trust that this person will push everything forward. Also, sometimes they fear the consequences—what will happen next? I think that we have reached the point when we have to show what will happen next.

[Skowronski] When will the Solidarity Mazowsze branch go on strike? What professional groups will be engaged in it—railroads or public transportation? Will it be possible to live in this country at all?

[Jankowski] The Board has made a decision about a general strike.

[Skowronski] What does that mean?

[Jankowski] That everyone goes on strike. There are financial projections of possible costs incurred by the strike, but these are just technicalities. The strike call will be binding for all the Solidarity factory commissions. As for the rest of the workers, we will try to persuade them to join us. So the strike will be really general.

[Skowronski] How did the factory commissions respond? Did they agree to join the strike?

[Jankowski] Yes. The overwhelming majority of those in contact with us support the idea. And this is going to be a political strike, because its main target is the way this country is being governed. We know that if the present way of governing—voraciously bleeding the country white—persists, we will get nowhere. It will take us a week to make up for every lost day and a month for a lost year.

[Skowronski] How will you carry out this strike—by blocking and picketing state institutions or staging demonstrations?

[Jankowski] I do not think that I have to tell everything in advance. To be sure, if our actions turn out to be too burdensome for society, we will try to relax them or warn the authorities.

[Skowronski] Do you have your own candidate for prime minister?

[Jankowski] Not at this point. Besides, we support programs, not politicians. I have no enemies and there is no one in this country that I hate. So if someone is good, I see no reason why he should not become prime minister.

Post-Communist Leaders Stage Meetings in Gdansk

AU1505192793 Warsaw RZECZPOSPOLITA in Polish 12 May 93 p 2

[Piotr Adamowicz report: "The SLD Testing and Molding the Electorate"]

[Text] "We have no political interest in supporting Belvedere initiatives regarding the government," said Aleksander Kwasniewski, the chairman of the SLD [Alliance of the Democratic Left] Parliamentary Club, speaking in Gdansk. He suggested that if ever a choice should arise between the Hanna Suchocka government or a Belvedere government, the SLD would back the current government in the Sejm. On Monday and Tuesday [10, 11 May] the leaders of the SLD held over 20 meetings in Gdansk Voivodship.

Kwasniewski believes that the present government can survive until spring 1994 on condition that the coalition negotiates a political schedule with the opposition, a schedule that would include preparing a constitution and the amendments to this year's budget. Elections should be held once a budget is adopted for the coming year. At a meeting at GAZETA GDANSKA, Donald Tusk, the leader of the KLD [Liberal-Democratic Congress] expressed interest in the idea, on condition that the SLD changes its position on the budget and taxation. Lech Mazewski of the Conservative Party voiced far-reaching skepticism about Kwasniewski's proposal and doubted whether the whole undertaking was realistic. They were both of the opinion that elections could be held early in the spring of 1994. The local government elections preceding them would be a test for the political parties.

The local chapter of the SdRP [Social Democratic Party of the Republic of Poland] has about 600 members. Twenty odd union activists attended a meeting at the Gdansk Shipyard with Ewa Spychalska, the leader of the

OPZZ [National Trade Union Confederation]. The popularity of the organization can also be gauged according to the number of bulletins that were sold. At one meeting, almost every issue of SOCJALDEMOKRATA GDANSKI was sold.

"We voted for privatization, because we are not an opposition that says 'the worse it is, the better it is for us,' today every responsible person must be concerned about the economy, this kind of privatization gives society something, and had we voted against it, we could have become identified with the lunatic ideas of the Movement for the Republic or the 300 million zlotys," said Kwasniewski. "All of you are keeping loss-making enterprises going with your taxes. The investment fund will either get a plant on an even course and it will them make a profit, or nothing will come of it and the plant will go into liquidation. That is something that we will have to accept," argued Sekula.

According to Kwasniewski, President Walesa spends three days a week destabilizing the situation in the country, three days stabilizing it, and then rests on the seventh day. After the audience had broken into applause, he added: "The Belvedere has no strategy, it only acts in a makeshift manner."

"It is not we who bear the responsibility for the public sector strikes, but those who are in power now," said Kwasniewski, although in his opinion the whole crisis began to develop in 1976. He warned that strikes are essentially a bad thing and should only be used in a very limited way.

"There actually are no church pirate stations," said Marek Siewiec, "there are cases of permits being abused for commercial purposes and the Radio and Television Council tolerates that. I know that you have found television infuriating over the past few years, but if you pay taxes, you have a right to the truth, in the same way as one has right a to fresh bread in the shops. Left-wing radio would be something unnatural (Maciej Manicki did not agree with that)." Kwasniewski faithfully observed that the current opposition has much more access to the mass media than the opposition of the 1980's. He declared that should the SLD be elected to power, the future opposition would also have access to radio and television.

When an old man began to complain bitterly about how Kwasniewski had apologized for communism at the Polish Peasant Party congress, although communism had meant the absence of unemployment and free education and health care, Kwasniewski replied: "I did not apologize for communism, or for the 45 years of the Polish People's Republic, but for the Polish United Workers Party's attitude toward the United Peasant Party. A conciliatory gesture had to be made. In addition...."

"These will be the first democratic elections, because the previous ones were like plebiscites. Now, no one is going to ask questions about this or that ethos or about packaging, but about concrete things. We have a program and something concrete to offer. Society will ask the right: 'You had a chance, you governed for four years, and what is the result?' However, I do not think that anyone will ask the left what it did for 45 years."

Vacaroiu Discusses Corruption, Reform

AU1905100193 Bucharest CURIERUL NATIONAL in Romanian 14 May 93 pp 1, 3

[First part of interview with Prime Minister Nicolae Vacaroiu by Adrian Vasilescu; place and date not given: "I Do Not Believe in the Truth of General Florica's File, But..."]

[Text] [Vasilescu] Mr. Prime Minister, we cannot ignore an aspect that—regardless of who published it or how—concerns public opinion in our country and, in accordance with various interests, public opinion abroad, namely the accusations of corruption against some members of the cabinet you are leading and other officials. What can you say in this respect?

[Vacaroiu] I am also concerned about this "show" staged by General [Gheorghe] Florica [former chief of Financial Oversight Body]. If, as it has been affirmed, he provided the parliamentary commissions with files incriminating members of government and other dignitaries, it means that we are facing a serious situation from various points of view. One aspect is the moral conduct and professional correctness of the former general commissioner of the Financial Oversight Body. Because, the prime minister's door was always open to him. No one has ever prohibited him access to my office. This is why I do not believe in the truth of these files. I am not convinced that he has made the affirmations he is accused of or that what the press says in this respect is true. If, however, everything is true and General Florica knew of acts of corruption committed by high-ranking officials and did not tell the prime minister but set up secret files for his own use, and if he comes up with them now, after he has been relieved of his positions, although the legal way would have been to come forth when these alleged acts of corruption became known, then General Florica's honor would be seriously questioned. In fact, it would be the best way to confirm the correctness of the measure to relieve him of his position.

I want to repeat, however, that in my opinion everything that has been published by the press in this respect is not convincing for anyone. They are just statements without any concrete proof with a prevailing political aspect. I would say that this is "a third stage" of putting the Vacaroiu government to the test. First they tried with the censure motion, then by provoking tension the moment we eliminated subsidies, and now they resort to "General Florica's files." One thing has to be known: We are not that easily impressed. Similarly, I want to emphasize that if, nevertheless, these files exist and real acts of corruption are uncovered, we will not guarantee any people the positions they hold, nor will we spare the parties to which they belong. We want the full truth to be known, and I hope that it will be uncovered. As you know, the ministers who have been accused said that they will sue General Florica for slandering them. If he has made the said affirmations and cannot prove them, then he will be held responsible for them. As I have already said, I do not believe in these files, and I do not see who could threaten him with death, as this was mentioned. I do not believe that government members may be involved in dubious affairs that would discredit them primarily as professionals. If, however, the accusations prove to be true, if ministers and other dignitaries will be proved guilty, then there will not be any mercy. He who violates the law has to bear the consequences. Before proof to the contrary, I continue to believe that the ministers in the cabinet I am heading are correct people, who want to work and struggle against corruption and not be corrupt themselves or favor corruption.

[Vasilescu] Our newspaper, which is mainly an economic paper, would like to ask you to proceed to the actual subject of this interview: the progress of the reform process in Romania. How would you characterize the current stage, and how do you view the development of economic processes in the not-too-distant future?

[Vacaroiu] The elimination of subsidies for important products and services for the population beginning 1 May marks an important step along the economic reform process. Certainly, all sorts of complications arise, life is getting more expensive, and people's concern increases. The government has to struggle on two fronts: to give an impetus to economic recovery and to lessen social conflicts. In this stage of the transition process, social costs are high and painful. For some time, inflation will continue to grow and to disturb economic processes.

[Vasilescu] Apparently, the "1 May event" [elimination of subsidies] has passed both regarding the reaction it caused and the negotiations with the trade union representatives. A lot of ink has been used to describe and comment on these events. What is your opinion: Will things return to normal, or will there be other stages of social unrest and tension?

[Vacaroiu] We are going through a key process of the transition, and it is not easy at all to make such forecasts. One thing is sure: The executive power's main concern is to ensure our people's social protection. The labor conflicts caused by a number of trade union confederations made the situation more difficult somehow. The renegotiation of the collective labor contracts may cause—in May and June—a greater increase in prices than that envisaged. I believe that we will overcome these difficulties, despite the pressure by some of the trade union confederations.

I do not believe this, and I am convinced that this affirmation lacks any ground or is not fully justified. For, we have a number of cases (we are struggling to eliminate this negative phenomenon) in which it is more difficult for private companies, securing their supplies at different, higher prices, to procure their raw materials. I can say that in a way the policy promoted at the microeconomic level favors companies with state capital. This trend has to be eliminated. We have to seek solutions for a more effective access to raw material resources and fuels for private companies. Thus, certain aspects that

have been noted exist, but, as I said, at the microeconomic level, that is at the level of contracts between companies. I am aware of this, and we are thinking of measures to eliminate such aspects.

[Vasilescu] I think the time has come to declare war against inflation. How will you handle this problem if we proceed to the liberalization of the exchange rate?

[Vacaroiu] First, I would like to tell you that this exchange rate is free as it is.

[Vasilescu] In a way. One could say that the National Bank is taking the leu for a ride in an automobile that tries to speed up with the hand brake on.

[Vacaroiu] Of course, we are promoting a certain exchange rate policy. The daily exchange rate is established on the basis of the currency demand and offer. Unfortunately, a spectacular rise took place in the past three years. I have my own views in this respect: If we follow the exchange rate evolution, we will see that it increased much more rapidly than inflation. Take the year 1989, for instance: The exchange rate in Romania was 23-24 lei to the dollar. Now think of 615 lei, and you will note an increase of approximately 40 percent in the exchange rate. Then compare this with the development of prices, which have increased some 18-19 percent. Thus, it is clear that the exchange rate has turned into an element of inflation. This is also my opinion: I can tell you that financing exports on the basis of the exchange rate is not the best of solutions, either. Why? Because thus the exchange rate is turned into an inflation process. If real competition does not exist in the market, and offers are much below demands, companies that hold monopoly over production put pressure on the price system. What is being achieved? Domestic prices already exceed world prices while the hard currency remains the same, because no one will pay more dollars for your commodities. To make up for their expenses, companies produce hard currency and demand a much higher exchange rate. This leads to inflation determined, if you will, by the exchange rate, which becomes the second main element of inflation, aside from wages. Certainly, there are periods—one week to 10 days—when the exchange rate does not increase. Then it goes up again. The government does not interfere in this process. Of course, we discuss things with the National Bank; we examine things, but, from a legal point of view, the government cannot impose its views.

[Vasilescu] Surely, the National Bank is not subordinated to the government, and this has caused numerous controversies. Yet, the shock of the constantly increasing exchange rate rests on the shoulders of the government, which has to adjust its policy in accordance with it.

[Vacaroiu] This is why we are interested in the fluctuation of the exchange rate being linked to the progress of the economy. It is the government's desire to eliminate speculation at the interbank stock exchange. For, if—under the current conditions—such speculations were encouraged or facilitated it could lead to a catastrophe. Let me give an example that seems to me edifying: A citizen, be he Romanian or foreign, owning $1 million can exert such pressure that, within one week, he can achieve a 10-percent increase in the exchange rate. Is it natural that because of this $1 million, the purchasing power of the leu will decrease throughout the country when bearing in mind that Romania has $10 billion worth of transactions per year? This is how the national currency is being devalued—in my view—artificially. The moment we will be able to achieve what we have proposed through the current measures, namely that the entire hard currency achieved by Romanian companies from exports will automatically come to Romanian bank and not stay in foreign ones, so that there is affluence of hard currency, and the moment we will be able through the measures we have taken to halt imports a little bit and to give an impetus to exports to achieve an even balance of trade, we will see that this whole phenomenon of increasing the exchange rate through more or less speculative measures will stop. Things will get back to normal just like in other countries. Look what the policy is regarding the Deutsche mark and the French franc. States defend their national currency. True, they also have currency reserves that permit them to practice such policy, but their policy aims to preserve the purchase power. To turn the exchange rate into an element of inflation is a quite serious thing and, together with the National Bank, we are currently examining measures and solutions to stop this phenomenon.

I do not deny their role nor their position of representatives of wage earners, but I think that many times they come up with exaggerated claims without bearing in mind economic facts. We have not yet been able to overcome the economic crisis; our industrial output continues to be half as much as in 1989. Under these circumstances, we have to ask whether pressure for a spectacular wage increase can be borne. Compared with 1989, the government pledged to ensure a real income (representing the purchase power, while the nominal income represents the sum of money received) of 62 percent, but there is pressure to even exceed the level of 100 percent. How can you ensure high wages without a corresponding level of output? Certainly, negotiations on wages are free and depend only on the potential of companies; but we should not forget that the great majority of these companies are operating much below their capacities. We expect to exceed world prices by far, and under these circumstances we may witness pressure on the exchange rate. We are currently trying to assess things to know what our situation is; at the same time, however, in accordance with the protocol provisions, by the end of July we have to ensure a more strict regime linked to this reference or, if you like, this admissible fund so that wage increases on the basis of negotiations or by other ways be determined only by labor results, that is by increasing outputs. Wages are likely to decrease if outputs decrease. Teams of specialists, including trade union-employers collectives, have been set up to work on the wage mechanism for two months. We hope that even after the introduction of the value-added tax—on 1

July—will we be able to ensure greater stability to enable us to create a solid foundation for economic recovery beginning in 1994.

[Vasilescu] Thus, do you think that the value-added tax will be introduced on 1 July?

[Vacaroiu] Surely. We will abide by our reform program. We have borne in mind two key moments, first that of eliminating subsidies, a process which former governments did not have the courage to tackle, although it proved to be necessary. As you see, we have done it now. The second objective is already in an advanced, that is final, stage, and on 1 July (if the law is passed by parliament) we will introduce the value-added tax. These are two key moments of transition, which make our government credible abroad and open the doors to the Economic Community and to our partners and future investors.

[Vasilescu] There were speculations that the "1 May" effect was going to delay the introduction of the value-added tax.

[Vacaroiu] No, it will not be postponed. My great desire is to implement this second objective. In actual fact, the purpose of my appointment as prime minister during this period is linked to implementing these measures, which are particularly necessary for our transition, as soon as possible, to the market economy.

[Vasilescu] The critics of the government program maintain that private companies are going to be deprived of capital. What is your opinion?

[Vacaroiu] I know that such accusations have been made. However, they lack any grounds. Although some of the supporters of this theory are economic specialists, I am of the opinion that they neglect one important thing: The transition laws adopted in the past years attempt to stimulate private investors. At the same time, government decisions bear in mind the need for a wide opening for private capital. I would like to add that the current government supports small-scale entrepreneurs. Actually, the discussions we are conducting with international bodies are linked to creating additional sources to ensure credits, let us say preferential credits, for small entrepreneurs. We want to support them so that they may develop and strengthen. Similarly, we pay attention to finalizing the process of restructuring companies operating with state capital and of speeding up preparations for privatization.

[Vasilescu] It is being said that you favor public corporations based on state capital.

[Vacaroiu] This is paradoxical, because many companies operating with state capital accuse me of having put them in an unfavorable position compared to private companies. I have been accused, first of all, by agricultural companies operating with state capital of not being exempt of profit tax as are private agricultural associations or mixed companies. Let us not forget the fact that the companies operating with state capital are concerned that failure to ensure capital for enterprises has gotten worse. This is partly true because we have inherited this great lack of capital. It is known that in the past credits made up 60-70 percent of operational budgets. Unfortunately, after the revolution (through measures taken by former governments) this lack of capital got worse, because part of the sources resulting from the reevaluation of capital, finite or semifinite production stocks, or resulting from price changes, were taken over by the state to a certain extent.

[Vasilescu] Do you hope to work out an effective mechanism in this respect?

[Vacaroiu] The best thing would be to rapidly even out the balance of trade and to create a hard currency reserve. Before that, however, we have to work out a mechanism. Do not forget that the government is trying to bring fuel, energy, and crude oil to the country, so that the economy can operate. At the same time, however, the government has not got one dollar to its name. We have to resort to foreign loans, while economic units keep their hard currency abroad or elsewhere and we have to pay for these loans. Thus, companies—operating either with state or mixed capital—are buying gasoline for lei from gasoline stations, which obtain their supplies with the assistance of the government. We take up loans for that gasoline. Companies operate with electricity paid for in lei, although we have spent hard currency loans for it. What happens if the government has no hard currency? Every single day we go to the stock exchange to buy $500,000 at a time. We have imported wheat to ensure bread for the population. Thus we have to work out an effective mechanism for the future to ensure a certain hard currency regime similar to that used by the countries around us, so that the exchange rate may not turn into an element of inflation.

[Vasilescu] It is clear that the government needs dollars. Will you be able to obtain some dollars without nationalizing hard currency?

[Vacaroiu] This affirmation linked to the nationalization of hard currency is completely false. If you consider the countries around us, with the exception of Bulgaria, you can note that in all these countries hard currency is subject to certain procedures. Any exporter is obligated—within the time limit stipulated in the given contract—to bring hard currency into the country. If he does not follow suit, he will be severely punished. Second, the moment this hard currency enters the country it is turned into national currency. This is the procedure in the world. If you go to Hungary, the Czech Republic, or Poland you will see that this is the procedure. This is true, but I have to add an amendment. Whenever the economic unit requests hard currency, it receives at least as much as it delivered. This is how to ensure efficiency. In our case, the entire hard currency stays in economic units, which have their arrangements abroad; they use it instead of bringing it home; they export cement and come back with beverages. This

cannot go on. There are some rules in this respect, and we have to rethink this entire mechanism.

[Vasilescu] Have you already outlined a project in this respect?

[Vacaroiu] No! There have been discussions, more will follow; we are not talking of the immediate future. We have to think about such a regime. Everything depends, however, on how we will be able to ensure foreign financial sources, how we will be able to put the production process into motion to even out the country's balance of trade. There are a few factors on which all this depends. Eventually we have to achieve—if possible in about 10 years—the full convertibility of the leu. This would be an exceptional thing. Before that, however, we have to work out a mechanism that will enable us to ensure that the exchange rate, along with the entire banking system, contributes to the recovery of the monetary and hard currency balance.

[Vasilescu] Is this timespan of 10 years discouraging or encouraging?

[Vacaroiu] Maybe it is not even a realistic time limit. It would be good if we reached this stage in a matter of two years.

PNTCD Joins European Union

AU1805050593 Bucharest ROMPRES in English 1340 GMT 17 May 93

[Text] Bucharest, ROMPRES, 17/5/1993—The National Peasant Christian Democratic Party of Romania [PNTCD] became a member of the European Union of Democratic Parties, including conservative and Christian Democratic parties, on May 10, 1993.

The news was broken in a briefing given by Valentin Gabrielescu, party's secretary-general, who presented the results of his visits in Warsaw and Strasbourg, where he attended the congress of the European Union of Democratic Parties and the meeting of the Council of Europe.

With regard to the documents on Romania drawn up by the Council of Europe's rapporteurs, Valentin Gabrielescu assessed that "their stand on the Hungarian minority has changed" and "there are chances that Romania's admission to that body should be discussed next June".

First Quarter Production, Foreign Trade Noted

AU1805093193 Bucharest ROMPRES in English 0807 GMT 18 May 93

[Text] Bucharest ROMPRES, 18/5/1993—Romania's industrial production was by 12.3 percent larger in March compared with February but 12.7 percent less than that of March 1992, TRIBUNA ECONOMICA magazine informs. The production of the industrial agents [companies] in the first trimester of 1993 was worth 2,342.2 billion lei, while the deliveries to the domestic market and to export totaled 2,311 billion lei. The number of employees in industry was 2.623 million, 86,000 less than on February 28. The working time was used 86.7 percent in March 1993.

In March, the volume of the exports traded on hard currency was worth $369 million, representing about 80 percent of the total exports of the first two months of the year. Imports amounted to $580 million, about 90 percent of the first two months. The trade deficit in the first trimester of 1993 amounted to $381.6 million.

Concerning the export of commodities, the first trimester recorded an increase with the highly processed goods consequent to a decrease with the energy-intensive goods. With imports, the food products and certain raw materials recorded big increases, while energy resources and certain consumer goods recorded falls. The share of the privately owned economic agents in the foreign trade on hard currency was 24.6 percent, with exports and 23.7 percent with imports.

The external public debt of Romania amounted $2.6 billion, while the domestic public debt totaled 481.6 billion lei, TRIBUNA ECONOMICA magazine informs.

King Mihai Urges Students To Be Courageous

AU1905093893 Bucharest ROMANIA LIBERA in Romanian 15 May 93 p 3

[Interview with King Mihai I by Carmina Haseganu in Toulouse on 13 May: "I Will Never Stop"]

[Text] On 13 May 1993 His Majesty, King Mihai, together with Queen Ana, visited Toulouse, where, at the invitation of the administration of the University of Social Sciences (USS) and the Management High School (ESUG) of this reputed French city, he held a news conference on "Romania in Europe: Yesterday, Today, and Tomorrow." On this occasion, His Majesty, King Mihai, granted us the following interview:

[Haseganu] Your Majesty, why did your intention to spend this year's Easter holiday in Romania fail? What were the reasons why the Romanian authorities reacted with another refusal?

[Mihai] They are rather hidden reasons, if I may say so. Overtly, they set those conditions at Christmas; this time around they were essentially the same conditions.

[Haseganu] Thus this scenario of refusal is being repeated... Can you tell us something about your recent and future activity?

[Mihai] Recently I paid several visits to various places, including the United States, where I also met with groups of Romanians and American students. I told them, not in detail but as much as possible, about what is happening in our country. I will continue to do the same in the future. I will never stop.

[Haseganu] Are you thinking of trying to come back home soon?

[Mihai] Well, I have never forgotten this. Only we constantly encounter reticence and all sorts of such things. Therefore, I will wait a little; we shall see...

[Haseganu] Although somber tones prevail in the picture of present-day Romania, what are the elements that you consider optimistic? Is there any ray of light and where does it come from?

[Mihai] Undoubtedly, the brightest ray of light is the students. They have to be encouraged to learn history very well and to be courageous. I know, this is easy to say here, but, nevertheless, they are the future of our country.

[Haseganu] How do you view the role of the church in this context?

[Mihai] I think that above all else, the church's role is tolerance, something which—it seems to me—does not exist in the country at this time. Too many people keep pointing their fingers; this will not bring about reconciliation. It will be very difficult. The people have suffered. But they have to try.

[Haseganu] And even now, when life in Romania is almost unendurable, our people are again subjected to extremely hard trials—economic and political. When there is almost no hope left, what is your message to the Romanians at home?

[Mihai] If you lose hope, then everything is lost. Despite all difficulties (I know them all even if I am here), one cannot live without hope. One has to keep one's hope alive.

[Haseganu] Do you think that there is a real ethnic problem in Romania? In your view, did the recent statements by the UDMR [Democratic Union of Hungarians in Romania] in connection with the "ethnic cleansing" of the Hungarian minority in Romania seem right?

[Mihai] They are Romanian citizens. So what is there to cleanse?

Sudanese Students Set Fire to Embassy

AU1805134493 Bucharest ROMPRES in English 1237 GMT 18 May 93

[Text] Bucharest ROMPRES 18/5/1993—The Embassy of Sudan in Bucharest was assailed and arsoned by six Sudanese studying in Romania. The police, the fire brigade and an anti-terrorist team arrived at the scene soon after the incident.

Colonel Viorel Croitoru, in command of the police of Bucharest District 1, told a "ROMPRES" reporter that the assailants had been caught and held for investigations. He added that the incident was related to the discontent of Sudanese students with the scholarships granted by their state, that would not be large enough to live in Romania. The students were having a dialogue with embassy officials, which turned into a conflict.

After the incident both the basement and the first floor at the embassy building were devastated. No reports were released on the damage. It seems that nobody of the embassy staff was seriously injured.

The Romanian state mentioned that the Sudanese Embassy was not protected by Romanian guards as it made no request in this respect.

Croats, Muslims Agree To End Hostilities

LD1805224993 Zagreb Radio Croatia Network in Serbo-Croatian 2000 GMT 18 May 93

[Text] The mission of peace and goodwill of Republic of Croatia President Franjo Tudjman has resulted in an agreement between the Croatian and Muslim sides on ending hostilities and on soon establishing a joint interim government of Bosnia-Herzegovina. Darko Herceg and Slavko Rako are reporting for Croatian radio news from Medjugorje, where the agreement was reached.

[Reporter] Following six hours of talks the main participants appeared before many journalists at the command of the UN Protection Force's [UNPROFOR] Spanish battalion in Medjugorje. Republic of Croatia President Franjo Tudjman, who had initiated the talks, was the first to announce the most important news:

[begin Tudjman recording] The talks I suggested and initiated have yielded results in the form of an agreement between the Croatian and Muslim representatives on the implementation of the Vance-Owen plan. Under the chairmanship of Lord Owen and Mr. Stoltenberg—Minister Petersen, president of the EC Ministerial Council, was also present—we discussed all the controversial issues.

I can say with satisfaction that agreements have been reached which promise not only the cessation of the recent conflicts between Muslim and Croat forces, but which also promise the beginning of the specific implementation of the Vance-Owen plan in political sense, because it has been agreed how to form a coordinating body of representatives of the Muslims and Croats, who should later be joined by Serb representatives. An agreement was also reached on how the interim government and diplomatic missions should be formed. An agreement was also reached on joint military commands, i.e. on steps toward separating the sides and preventing clashes.

All in all, this was a very fruitful meeting yielding very good results. Of course, that is if both sides honor the agreement. [end recording]

[Reporter] Everyone knows how much weight a word of a Croat from Herzegovina carries, Mate Boban, president of the Croatian community of Herceg-Bosna, added. He said in reply to a specific question on the further status of the Croatian community:

[Begin Boban recording] The Croatian community of Herceg-Bosna is a temporary framework for Croatian rights in Bosnia-Herzegovina. The moment the Vance-Owen plan is implemented, and on the basis of the agreements reached today, this community will lose the function it had, and no one in the world has been forbidden to have any kind of community or frameworks for the protection of their rights. [end recording]

[Reporter] Lord David Owen, one of the cochairmen of the peace conference on the former Yugoslavia, told the press after the talks that a very important first step has been made toward the realization of the Vance-Owen plan in areas where this is possible. Lord Owen stressed that an important step was also made in the direction of creating a Bosnia-Herzegovina government that would be capable of functioning. According to him, the talks were dominated by a spirit of compromise and agreement.

Today's agreement was reached after six hours of negotiations at the UNPROFOR command in Medjugorje, where Republic of Croatia President Dr Franjo Tudjman, who also convened this meeting, held talks with Bosnia-Herzegovina Presidency President Alija Izetbegovic, in the presence of the cochairmen of the peace conference on the former Yugoslavia, Lord Owen and Thorvald Stoltenberg, and the chairman of the EC, Danish Foreign Minister Niels Petersen. Mate Boban, president of the Croatian Community of Herceg-Bosna, was also an active participant in the talks.

After a joint meeting, the military commanders—General Milivoj Petkovic, chief of the general staff of the armed forces of the Croatian Defense Council, and Sefer Halilovic, commander of Muslim forces—held separate talks in the presence of General Wahlgren, UNPROFOR commander for the region of the former Yugoslavia.

Encouraging news arrived this evening from Mostar, saying that the day was calm in the town.

Morillon Optimistic That Sarajevo Siege Will Be Lifted

AU1805125293 Paris AFP in English 1233 GMT 18 May 93

[Text] Sarajevo, May 18 (AFP)—The commander of U.N. forces in Bosnia-Herzegovina, General Philippe Morillon, said Tuesday after talks with Bosnian Serb leaders that he was optimistic the siege of Sarajevo will be lifted.

Morillon met in Pale, outside Sarajevo, with Bosnian Serb military leader General Ratko Mladic and other officials to discuss a plan to demilitarize the Bosnian capital by creating a "security belt" around Sarajevo which would be supervised by the United Nations Protection Force (UNPROFOR).

Morillon said the UNPROFOR would also supervise heavy weapons depots inside the capital while Serb weaponry surrounding the city would be removed to an agreed upon distance.

The plan, which Morillon said could be formally approved after another meeting Monday, also calls for the opening of U.N. protected routes.

Mladic said he found Morillon's proposals to be "very interesting."

"They can be applied if all the warring factions agree to a common language," he said.

Karadzic Outlines Proposals To End War

LD1805145693 Pale Radio-Televizija Republike Srpske Studio-S Radio in Serbo-Croatian 1300 GMT 18 May 93

[Text] [Passage indistinct] [Begin recording] [Radovan Karadzic, president of Serb republic in Bosnia-Herzegovina] We proposed to help the Office of the UN High Commissioner for Refugees by opening our territories for humanitarian aid convoys to central Bosnia because the situation there is very difficult. We also proposed the most urgent measure for ending the war—the deployment of monitors along the frontline. A monitor would be assigned to every unit or in every company if they have enough personnel. These monitors on both sides of the front would have red phones, namely hotlines, and they could stop any cease-fire violation. If the international community agrees in this way we could end the war in two weeks.

I think that our meeting produced certain results, we made some progress. The Serbs will give full support to the peace process. It is not true that the Serbs are against peace, on the contrary the Serbs want peace and that is why they have rejected the plan. It is not a peace plan but a plan for war. [end recording]

Morillon Meets With Karadzic

LD1805162093 Pale Radio-Televizija Republike Srpske Studio-S Radio in Serbo-Croatian 1300 GMT 18 May 93

[Text] This is what General Morillon had to say after meeting Karadzic:

[Begin Morillon recording, in French with superimposed translation into Serbo-Croatian] Once again, Mr. Karadzic and I discussed the military and political aspects of the situation in Bosnia-Herzegovina. We received their request to deploy UN monitors along demarcation lines in order to implement the cease-fire in Bosnia-Herzegovina. We want to complete the process of demilitarization of Zepa and Srebrenica and to agree on the demilitarization of Gorazde.

We also submitted a proposal on the demilitarization of Sarajevo. All warring sides should put forward their views on this proposal, which will be implemented after certain alterations. A decision will be made at a meeting of mixed military delegations to be held most likely on Monday. The plan could be implemented in two weeks. Now I am going to see Mr. Izetbegovic to discuss this proposal with him. [end recording]

Refugees' Fate Unknown; Mosques Destroyed

LD1805221793 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2000 GMT 18 May 93

[Excerpts] Mostar is relatively quiet today. The lull is being used to record how the Croatian Defense Council [HVO] units shelled and damaged the old bridge, how the remaining mosques were destroyed, set ablaze or damaged beyond repair, and how civilians were killed on the right bank of the Neretva.

[Reporter] [passage omitted] It has been confirmed that the remaining mosques in Mostar have been destroyed, set ablaze, or irreparably damaged, like the mosque in the Podhum area [words indistinct] which were within easy reach of the ustashas, hence they were shelled.

The Muslim religious temples on the left bank of the Neretva were destroyed by shelling; [words indistinct] and Mehmedpasina mosques was first destroyed and then set ablaze with incendiary bullets.

Croat soldiers did not spare the old bridge and the already damaged old quarters. Both were hit with hundreds of shells.

There is an increasing number of reliable accounts of the suffering of civilians on the right bank of the Neretva, which units of the Croatian Army and HVO are holding under occupation.

Nothing is yet known about the fate of thousand of refugees who fled to Mostar from chetnik knives, or about Muslim refugees who nine days ago were expelled from their homes by the authorities of the so-called Croatian Army and HVO, in their enthusiasm for the fascist idea of ethnic cleansing.

Delegation To Check on Mostar Civilians' Release

LD1805210593 Zagreb Radio Croatia Network in Serbo-Croatian 1700 GMT 18 May 93

[Report by Slavko Rako from Medjugorje]

[Excerpts] The talks between Republic of Croatia President Franjo Tudjman and Bosnia-Herzegovina Presidency President Alija Izetbegovic, which have been going on for five hours, are still in progress. [passage omitted]

As one of the results of the course of today's meeting, a Croatian-Muslim delegation left for Mostar several minutes ago, consisting of Franjo Boras, Bozo Rajic, Jusuf Pusina, and Safet Urucevic; and, as the representative of the Republic of Croatia, Dr Franjo Greguric. Their task is to find out whether the civilians held prisoner by both sides have been released and, if not, to immediately secure their release.

Muslims Reportedly Target Croatian Command in Mostar

LD1905094793 Zagreb Radio Croatia Network in Serbo-Croatian 0900 GMT 19 May 93

[Report by correspondent Zdenko Vranjes from Mostar]

[Excerpt] Last night and this morning Muslim forces resumed their attempts to provoke clashes with Croatian Defense Council [HVO] units. They launched mortar attacks and used all types of infantry weapons. Early this

morning they fired six guided missiles on the HVO command building but they missed their target. The HVO command has stated that the HVO units have not responded to the provocations. [passage omitted]

Muslim Offensive Reported Near Travnik

LD1905104993 Zagreb Radio Croatia Network in Serbo-Croatian 1000 GMT 19 May 93

[Text] The command of the Croatian Defense Council [HVO] Frankopan Brigade has reported that early this morning the 314th so-called Hadzija Muslim Brigade of the Bosnia-Herzegovina army launched a fierce artillery attack from the Zenica area on HVO positions in Travnik municipality. After the artillery attack, Muslim forces launched a major infantry assault.

Recently, Muslim units captured a bridge near Hanbila cutting off several Croat villages in that part of the Travnik municipality.

Sarajevo Radio Reports Serbian Attack on Brcko

AU1905092193

[Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian at 0800 GMT on 19 May carries in its regular 13-minute newscast the following reports on relative calm in the Republic.

Reporting from Brcko, Hamiz Deronjic says that "the Brcko battlefield is still under the Serb-chetnik offensive. The aggressor, in trying to widen the northern corridor at all costs, is regrouping and bringing in new reinforcements after every unsuccessful attempt. After being defeated yesterday at Omerbegovaca, the enemy spent the night regrouping its manpower and equipment on the central part of the battlefield." The reporter adds that "during the night, reinforcements kept coming in by air. Our scouts in the region of Bajici, sighted three enemy transport helicopters which were flying in the direction of (?Piri) on Pelagic at 0105 [2305 GMT]." He says that these activities were accompanied by "artillery attacks on Brcko defense positions. Antiaircraft guns and machine guns lent support to 60-mm and 82-mm mortars which pounded Lipovac, Brod, Brodusa, and Licki Most. The fierce mortar fire directed at Omerbegovaca was supported by a tank which fired over 70 projectiles." The reporter says that "despite this, the defense lines are strong and holding."

The Gradacac War Presidency information center says that "a cease-fire has been agreed upon for today at 0900 at the level of the commissions for the exchange of prisoners of war." The reporter adds that "since it is the bodies of the dead soldiers that are to be exchanged, today has been designated for preparations for this." Further on he says that "civilian persons with valid reasons for being exchanged are also going to be exchanged. Our side has decided to acquiesce to the foreign citizens who are currently in Gradacac, and that a certain number of people should rejoin their families, or be sent out of Tuzla County for medical treatment." He adds that, as for the cease-fire, "there have been minor violations, mostly small arms fire. As we report this, the latest cease-fire is holding and the defense lines are unchanged."

The studio announcer says that "Sarajevo is calm this morning. Citizens are warned to be careful when crossing the overpass on (?Ciglane), where snipers are active. The 'sower of death' on Stitasta Stijena randomly opens fire on the outskirts of the Stari Grad municipality."

British General Says Serbs Honoring Srebrenica Cease-Fire

LD1805195493 Belgrade TANJUG in English 1806 GMT 18 May 93

["Pool" item]

[Text] Fakovici, Eastern Bosnia, May 18 (TANJUG)—The Serb side has fully honored its obligations stemming from the agreement on the demilitarisation of Srebrenica, British Brigadier-General Vere Hayes, chief of staff of the U.N. Protection Force (UNPROFOR) in the former Yugoslav Republic of Bosnia-Herzegovina, has told TANJUG.

Gen. Hayes said that the Serb artillery around the Moslem enclaves of Srebrenica and Zepa had been silent since April 18 when the truce came into effect, although there were still Moslem fighters intent on leaving UNPROFOR-protected Srebrenica for the surrounding forests.

Moslem troops had been using Srebrenica and Zepa for launching attacks on the Serbs in eastern Bosnia, murdering Bosnian Serb civilians and torching their villages.

Asked about Bosnian Serbs held in Moslem-controlled Tuzla, the British general said he had personally established that the Moslem authorities in Tuzla had a list of Serbs who would like to leave the town, and believed this process was under way. Bosnian Serb authorities, however, have information that 18,000 Serbs in the town are not being allowed to leave.

The U.N. Security Council has proclaimed six Moslem enclaves in Bosnia as U.N.-protected safe areas—Sarajevo, Srebrenica, Gorazde, Zepa (eastern Bosnia), Bihac (northwest) and Tuzla (northeast).

Spanish UNPROFOR Contingent To Be Reinforced

LD1805170293 Madrid RNE-1 Radio Network in Spanish 1600 GMT 18 May 93

[Excerpt] The Spanish contingent in Bosnia will be increased by another 200 men, according to an announcement made in Bosnia by Defense Minister Julian Garcia Vargas. The reinforcements will comprise 130 legionnaires and another 70 logistical support troops, who will be leaving next weekend. [passage omitted]

Silajdzic Criticizes EC Stance on Conflict

PM1905100493 Paris LE FIGARO in French 18 May 93 p3

[Interview with Bosnian Foreign Minister Haris Silajdzic by Emmanuel Naxara in Paris; date not given]

[Text] [Naxara] Does peace still have a chance now that the Serbs of Bosnia-Herzegovina have said "no" to the Vance-Owen plan?

[Silajdzic] There will be no peace in Bosnia-Herzegovina until the Serbs have achieved their military and political objectives. The international community knew in advance what the result of the Bosnian Serbs' referendum would be. It also already had everybody's signature to the Vance-Owen plan, including that of Mr. Karadzic. Why did it wait? The only possible answer is that Europe has given the Serbs more time to achieve their war aims.

[Naxara] What is your analysis of the EC's position?

[Silajdzic] The Europeans are turning a blind eye. Their wait-and-see attitude can only lead to Bosnia's disappearance. We are not far from the time when Mr. Milosevic's regime will be regarded as an example of peace.

[Naxara] What about France?

[Silajdzic] Like the other European countries, France still believes in the virtues of a dialogue without interlocutors.

[Naxara] Do you support U.S. President Bill Clinton's policy advocating the lifting of the arms embargo?

[Silajdzic] Yes. The international arms embargo has already cost more than 200,000 Muslims their lives.

[Naxara] Is there now a risk of the radicalization of the Muslim community in Bosnia-Herzegovina?

[Silajdzic] Unfortunately yes. The Croatian-Serbian aggression is encouraging an increase in fundamentalism. Do not forget that this war was launched to remove Muslim civilization and culture from the map....

[Naxara] What is the position on your alliance with Croatia?

[Silajdzic] The confrontation between Croatian and Muslim forces, especially in Mostar (southern Bosnia-Herzegovina) is the work of Croatian extremists encouraged by Europe's wait-and-see attitude. Serbia's impunity has given them a free hand.

[Naxara] Do you think that life will be possible again in the Muslim enclaves after the war? Will you be able to restore authority there?

[Silajdzic] The war in Bosnia-Herzegovina is a war of civilization, fascists against democrats, and non-Serbs against Muslims [as published]. Do not forget that 70,000 Serbs still live in Sarajevo! However, the atrocities committed by the Serbian extremists are such that a return to normality will be long and difficult. Five centuries of history and cohabitation among peoples have been deliberately wiped out in the name of "Greater Serbia." The history of ancestral hatred among peoples is a groundless myth, Belgrade's propaganda.

[Naxara] Do you regret signing the Vance-Owen plan?

[Silajdzic] We signed the Vance-Owen plan for peace, even if it has many faults. In addition, European is not interested in Bosnia-Herzegovina. The Bosnians can die, their country has no strategic importance.

Tudjman Meets With Kozyrev, Reviews Split Talks

LD1805122393 Zagreb Radio Croatia Network in Serbo-Croatian 1100 GMT 18 May 93

[Text] Prior to his departure to Medjugorje, Croatian President Dr. Franjo Tudjman had talks with Russian Foreign Minister Andrey Kozyrev at the Split airport building. Here is what President Tudjman stated following their talks:

[Begin Tudjman recording] We reiterated our views on (?the crisis and said that) by our constitution and the special constitutional law we guaranteed not only civil rights but also ethnic rights for the Serbs in Croatia. We shall be extremely patient in the search for a political solution. But, likewise, we cannot tolerate the procrastination in incorporating these UN-protected areas into the constitutional and legal system of Croatia. In this respect, we can be very pleased with the talks with Minister Kozyrev who expressed hope that talks that are to be held today between representatives of the Croatian Government and local Serbs in Topusko will soon give initial results and that he will also endeavor to give support to such a solution in talks that he is to have in Belgrade. [end recording]

As regards a meeting between Croats from Bosnia-Herzegovina and international mediators, which is to take place in Medjugorje this afternoon and which was initiated by President Tudjman personally, he said the following:

[Begin Tudjman recording] Listen, that invitation is of particular importance because some negative opinions have arisen in the world public, general public, and also in political circles that Croatia is to blame for the exacerbation of relations and escalation of conflicts between Muslims and Croats in Bosnia-Herzegovina, which is utterly wrong. Also in these talks I said that we, not only Croatia as a state, but also the Croats in Bosnia-Herzegovina, are completely in favor of the acceptance and implementation of the Vance-Owen plan. [end recording]

Russian Foreign Minister Kozyrev then had talks with Bosnia-Herzegovina Presidency President Alija Izetbegovic. Following the talks, the Bosnia-Herzegovina side only concluded that Russia insisted on the acceptance of the Vance-Owen plan.

In the meantime, cochairmen of the conference on former Yugoslavia David Owen and Thorvald Stoltenberg arrived in Split. Lord Owen made a brief statement saying that he will see for himself on the spot what the situation is like, who is responsible for the Muslim-Croatian clashes, and what the real chances are for the friendly coexistence of the Croats and Muslims in provinces where the Bosnia-Herzegovina Army and the Croatian Defense Council are clashing at the moment. I do not wish to make any comments at the moment, nor prejudge the outcome of the Medjugorje meeting, Lord Owen said.

The UNPROFOR [UN Protection Force] commander for former Yugoslavia, General Wahlgren, and chairman of the EC Council of Ministers Danish Foreign Minister Petersen have also arrived in Split.

Government To Sign Cease-Fire Agreement With Serbs

LD1905012893 Belgrade TANJUG in English 2341 GMT 18 May 93

["Pool" item]

[Text] Topusko, May 18 (TANJUG)—Representatives of the Governments of Croatia and the republic of Serb Krajina (RSK) agreed on Tuesday to sign on Thursday, May 20, an unconditional cease-fire which would be in force until a final solution is found for the manner in which to implement U.N. Security Council Resolution 802. The resolution demands the withdrawal of Croatian forces from territories they captured after their latest aggression on the RSK, launched on January 22 this year.

The Serbs proclaimed the RSK in 1991 in areas inside the administrative borders of Croatia where they are the majority population in protest over Croatia's secession from Yugoslavia and the degradation of their status in its new constitution from a nation to a national minority. The RSK became a U.N.-protected area in the spring of last year.

Representatives of the RSK and Croatia met in Topusko, 60 kilometres south of Zagreb, with UNPROFOR [UN Protection Force] Civil Affairs Administrator Cedric Thornberry mediating.

Agreement was reached during the talks, which lasted several hours, for the first steps to be made on resolving economic questions of mutual interest. Joint energy and traffic expert commissions will be formed, and will include UNPROFOR representatives. It was agreed at the meeting, which passed in an atmosphere of tolerance, that talks would be continued in Zagreb on May 26 in the presence of journalists.

All participants held separate news conferences after the meeting today. Thornberry emphasized that the most important thing was to establish and maintain a firm cease-fire, and added that he was pleasantly surprised with the firm committment to dialogue the two sides had shown.

RSK delegation member Borislav Martinovic said a lasting peace could be achieved only after the Croatian forces withdrew from the territories they had occupied.

Head of the Croatian negotiating team Slavko Degoricija insisted that the basis for future negotiations should be the peace plan drafted over a year ago by special envoy of the U.N. Secretary-General Cyrus Vance.

The surprise turnabout in the direction of peace is being attributed to the efforts of a Russian mediator, Deputy Foreign Minister Vitaliy Churkin, who initiated the meeting during his tour of former Yugoslavia last week.

Pressure on the two sides was also exerted on monday by Russia's Ambassador to Zagreb Leonid Kerestedzhiyants, who threatened the side which violated the agreement with harsh punishment and sanctions.

Croatian Delegate Views Talks

LD1805212093 Zagreb HTV Television in Serbo-Croatian 1730 GMT 18 May 93

[Excerpts] In Topusko talks were held today between representatives of the Croatian authorities and local Serbs. The next round of talks is expected to take place in Zagreb. Let us hear what the head of our delegation Slavko Degoricija says about today's results. [passage omitted]

[begin Degoricija recording] We have agreed, we have drawn up a draft agreement on a cease-fire. It should take effect on Thursday, at 1200. If what they explicitly said is anything to go by, I now believe they do want to honor this agreement. As for the second issue, it surprised them to a certain extent. We agreed immediately that they did not need to consider each item separately, that this entire package of issues be on the agenda of the talks we scheduled for 26 May, at 1000, in Zagreb. We suggested that they choose from three locations, Zagreb, Gospic, or some other place. They unanimously expressed a desire to come to Zagreb. What is perhaps crucial in this statement is the fact that the moment we arrived I expressed your desire to make our sessions public, to record them, that wherever there are negotiations the public should have access through television, radio, and the press. They absolutely accepted this right away.

I have to say that the atmosphere there was very tolerant, I may say, even cooperative. In a sense it was they who suggested that all these technical issues—handled by expert groups tasked with the individual issues we raised—be examined within the next seven days and outlined as early as on the seventh day, that is 26 May, so that a meeting can be held which will provide finalized solutions. These will be sent to these groups of experts so we can attempt to find and agree on solutions. It seems to me that they are interested in communications, that they are extremely interested in power generation, waterworks, etc. They were taken aback a bit by the wide range of our moves. Well, we will see on 26 May. [end recording]

Serbian Attacks on Zadar, Biograd Reported

LD1805222093 Zagreb Radio Croatia Network in Serbo-Croatian 2000 GMT 18 May 93

[Report by Bozidar Klaric from Zadar for Croatian Radio]

[Excerpt] Tonight, Serbian paramilitary formations attacked Zadar and Biograd. Serbian artillery first fired at Biograd. At 1820, the Serbs fired two shells from Kakma. About 20 minutes later, three tank shells were fired at Zadar's urban districts from Trnjug. At 2025, Zadar came under attack again. This time, it was hit with six missiles from Zemunik Gornji. There were no casualties in tonight's attacks. [passage omitted]

Artillery Attack Reportedly Launched on Benkovac

LD1905102793 Belgrade TANJUG Domestic Service in Serbo-Croatian 0924 GMT 19 May 93

[Text] Knin, 19 May (TANJUG)—At 0830 this morning Croatian forces launched an artillery attack on Benkovac, the main command of the republic of Serb Krajina army has stated.

According to military sources in Knin, by 1000, 10 shells had hit the center of the town and a general alert was sounded.

In addition to Benkovac, since this morning Croatian artillery has been targeting Serb positions and villages on the entire Zadar-Benkovac segment of the northern Dalmatia battlefield.

AFP Reports Attack

AU1905113493 Paris AFP in English 1126 GMT 19 May 93

[Text] Belgrade, May 19 (AFP)—The Croatian army launched an artillery attack Wednesday [19 May] against the town of Benkovac, located in the self-declared Serb republic of Krajina, the Croatian Serb news agency Iskra reported.

The attack, which began at 0630 GMT and continued throughout the morning, came at the heels of a cease-fire agreement signed Tuesday between Croatian and Serb officials. The cease-fire is due to come into effect at noon (1000 GMT) Thursday.

The news agency said that Wednesday's shelling was mainly aimed at civilian targets in central Benkovac where a general alert was ordered.

Hostilities between Croatian troops and the Krajina Serb forces resumed on January 22 with a Croatian offensive aimed at clearing the roads in the Zadar hinterland.

TANJUG Says Government Denying Muslims Refugee Status

LD1805150693 Belgrade TANJUG Domestic Service in Serbo-Croatian 1358 GMT 18 May 93

[Text] Banja Luka, 18 May (TANJUG)—The press center of the First Krajina Corps in Banja Luka announced today that the Croatian Government had adopted a document whereby Muslim refugees are given the status of "disenfranchised persons [nepostojeca lica]."

This decision, signed by Croatian Prime Minister Nikica Valentic, abolishes all social or any other assistance necessary for "the survival of the Muslim refugees."

In other words, the source claims, all refugees of Muslim nationality in Croatia have been denied refugee status and they will be practically thrown out into the streets. On the other hand, the Croatian refugees will still enjoy their rights as before.

Serb military sources in Banja Luka say that the Croatian Government was "forced" to pass this decision "by military circles that will in the future play an increasingly important role in the creation of Croatia's policy."

Existence of Camps for Serbs Denied

93BA1010B Zagreb DANAS in Serbo-Croatian 30 Apr 93 pp 18-19

[Article by Boris Komadina: "Skoric's Last Lie"]

[Text] "In Croatia today, there are five concentration camps for Serbs, and in Pakracka Markusica, which is near Pakrac, alone 80 women and children of Serbian nationality were murdered." These words were uttered on 15 April not in Belgrade or Knin, but in Zagreb, and they were not uttered by Milosevic or Seselj, but by Milovan Skoric, chairman of the Executive Committee of the Community of Serbs in Croatia, in a meeting of Assembly deputies of Serbian nationality with the Russian parliamentary delegation.

That sentence can rightly be called the "sentence of the week" in Croatia's political life, because there was not a single newspaper or any forum which did not react to it and which did not once again, this time in a clearer light, point up all the problems and quandaries related to the people who represent the Serbs in Croatia. Following that meeting, there were reactions from the representatives of the Serbs, the Serbian People's Party [SNS], and the Community of Serbs. One after another, they all distanced themselves from this statement by Milovan Skoric. Official Croatia also responded rapidly. A commission was established that together with representatives of the Russian Embassy in Zagreb would visit all the places to which Skoric referred as places where supposedly they should find those camps. The results were the same everywhere. No camps were found.

Who Is Milovan Skoric

Exactly who is Milovan Skoric? The name of this 40-year-old first became familiar to numerous inmates accused and later convicted of "Croatian nationalism." Skoric, that is, was long an operative of the Zagreb office of the State Security Service in Zrinjevac. Following the democratic elections in Croatia, he left that post and became involved in the work of the newly established Serbian People's Party, where in fact he became the chairman of the Zagreb committee, vice president of the SNS Presidium, and at the same time an adviser in the Office for Adaptation to European Integration of the Government of the Republic of Croatia. Somewhat later, Skoric was neglecting his work in the party, and when the Community of the Serbian People in Croatia was established on the basis of the Constitution of the Republic of Croatia and the Constitutional Law on Rights of Minorities, he became chairman of its Executive Committee. This in telegraphese is a sketch of the political career of Mr. Milovan Skoric, which could be interrupted by the criminal charge lodged against him on 21 April 1993 by the Police Department of Zagreb because of warranted suspicion that he committed the crime of presenting false information and deceiving the public. However, Milovan Skoric's political activity (and not just political activity) has been going on much longer than that. It has been carefully concealed from the eyes of the public, which he has been confusing with his carefully timed statements. During the conclusion of total war in Croatia and immediately thereafter, when the Croatian public was very sensitive and embittered by the aggression and crime which the Serbs and Yugoslav Army [VJ] had committed, Skoric made statements like: "Krajina has only a propaganda machine, it is a fiction in the heads of the Chetniks or certain others whom that suits at this moment."

As time has passed, Skoric has become increasingly aggressive, and it might be said that his radicalism has been growing as the security situation in Croatia has calmed down. Thus, even at the time of establishment of the Community of Serbs in Croatia, he declared: "Today, it is terribly difficult to be a Serb in Croatia. The threat to the lives and property of citizens of Serbian nationality and the violation of their human rights are widespread throughout Croatia, even where there never was war and where the Croatian authority has functioned continuously!" He also said something on that occasion which would be very significant later on: "I know for certain of murders of Serbs in Gospic, in Osijek, on the Karlovac bridge, and in Pakracka Poljana." The latter place is very important. That is, in the meeting with the Russian parliamentary delegation Skoric cited Pakracka as part of the name of the crowning evidence of Croatian "repressive" policy toward the Serbs, but that time he said Markusica (which does not exist at all) instead of Poljana. That was in September 1992.

Skoric's first confrontation with official Croatia began when explosives were placed under the building of the Jewish Commune in Zagreb and the building of the Serbian Metropolitan (Library). At that time, in July of last year, he said in SNS campaign conferences for the press, in which he loudly accused the Croatian authorities of this terrorist act, that he had evidence of this. Skoric then reproached journalists for not investigating those cases, asserting dramatically that a terrorist group under command of the Supreme Command of the Croatian Army was behind all that. He said that he even knew the names of those people, and the location of the storage facility from which they were obtaining the explosive. He also accused the Ministry of Internal Affairs [MUP] of knowing everything, but of doing nothing, and he put the question of why after Ivan Jarnjak, minister of internal affairs, repudiated Skoric, the former was not called in for an interview. Under the law, that is, concealment of a crime is the same as committing it. Jarnjak challenged him in public, giving him an opportunity to present the proof and warning

him that the police, if they knew what Skoric was asserting, would certainly have apprehended the perpetrators. Even then, and, as it will be shown, even later, Skoric remained dumb, just as he covered up the fact that proceedings were conducted in Belgrade against those who committed what Skoric had accused the Croatian soldiers of committing. But the Serbian People's Party also remained dumb, although it had made it possible for him to make these statements in public.

There are several indicative items in Skoric's biography. The well-informed say that five days before the assassination attempt on Dr. Tudjman, who then was president of the HDZ [Croatian Democratic Union], at the campaign rally in Benkovac, Skoric was roaming around that city, which is his birthplace. That visit of his to Benkovac might well be seen in a different light now.

In the Company of a Labrador

His close ties with people who later would be in the public eye are also well-known. This reference is to the largest espionage scandal of this war, involving the Labrador group. Since the mid-eighties, the well-informed say, he has been collaborating with two of the most important people of the Labrador group from Kosovo, Slavko Malobabic and Radenko Radojcic, against whom criminal proceedings are now being conducted in the District Military Court in Zagreb because of warranted suspicion that they committed the crime of armed rebellion as agents of the "JNA [Yugoslav People's Army]" Security Service. And those happened to be the two called to account before the Belgrade Military Court for placing explosives in the building of the Jewish Commune. When that is known, then, viewed from the angle of criminalistic probability, it is not precluded that Skoric's task in the Labrador group, once it was uncovered, was to accuse the Croatian Government of everything and to lead astray the police investigation and the interest of the public. In that way, he opened up room for the two of them to at least "escape from Croatia."

Juzbasic Got Skoric In

Whether because of the political situation in Croatia at the time and the fragile position of our state in the world (the possible accusation that the Serbs were being persecuted) or because of the lack of evidence, Skoric was neither charged nor arrested!

In the last month and a half, it is said, he has been regularly visiting the embassies of foreign states in Zagreb, most frequently the Austrian Embassy, where he represents himself as the victim of an undemocratic regime in Croatia and seeks protection. It is no accident, then, that immediately after his last and, as always, carefully prepared appearance and statement in public (the meeting with the Russian parliamentarians), his wife, who—be it said in passing—works in the Croatian MUP, is taking a month of unpaid leave and has gone to Austria with her daughter. His last blow against Croatia, which is the one best-known to the media, was very carefully planned. The meeting of the parliamentary deputies of Serbian nationalities with the delegation of the Russian parliament was made to order. That is, the delegation of the Supreme Soviet of the Russian Federation was headed by Yevgeniy A. Ambartsumov, the chairman of the Committee for International Relations and Economic Cooperation, who is well-known as an opponent of Yeltsin and an advocate of the pro-Serbian option in the Russian parliament. The only problem for Skoric was how to get into the meeting? Skoric, after all, was not a deputy in the parliament.

According to Skoric, it was Assembly Deputy Zivko Juzbasic, who has been Skoric's very close friend for many years, who took care of that. "I was invited by my friend Zivko Juzbasic," Skoric replied after the meeting (VECERNJI LIST, 23 April). Judging, then, by Skoric's words, Juzbasic abused his position as an Assembly deputy, because he did not inform the government protocol department of this. In that meeting, to make things still more absurd, Skoric was the last speaker. The sweet came at the end, but the end might be the indictment lodged against Milovan Skoric, when he will have to prove his assertion under oath. His appearance before the investigating judge ought to be of equal interest to the Croatian state and to Skoric himself, who, if he is right, has an occasion to seek justice where justice is done. If he does not succeed, the story about concentration camps for the Serbs in Croatia will be Skoric's last lie.

Illegal Foreign Currency Transfers Viewed

93BA1010A Zagreb DANAS in Serbo-Croatian 30 Apr 93 pp 25-26

[Article by Edvard Popovic: "Millions of Croatian Marks in Austria"]

[Text] When a high-level Croatian official confided to a journalist that he had put the foreign exchange obtained from the sale of property in Croatia in a foreign bank then this is no longer just a question of multiple violation of laws in effect. That is, capital does not suffer from patriotism and similar sentiments, nor would the official's several million marks be of any particular help to the Croatian economy and Croatia as a whole, but what is most disturbing here is that the virus of distrust in the Croatian economic system has spread not only to its consumers, that is, those who live under it, but also its creators. Following the introduction of "old foreign exchange savings" and the failure of financial engineering, the sock is the strongest foreign exchange institution in Croatia. Some estimates indicate that Croatian citizens possess approximately 10 billion German marks [DM] either in the sock or abroad. Foreign exchange savings of individuals in Croatian banks, for the sake of comparison, amount to about DM230 million, and the foreign exchange reserves of the Republic of Croatia $800 million. It is not just in the suitcases and briefcases of its citizens that Croatia's foreign exchange is traveling westward.

"Even Croatian firms are carrying foreign exchange out," they say in the Promdei Bank. "Thus, imports into the Steiermarkische Bank amounted to DM45 million. That money was carried out illegally. No Croatian firm can carry foreign exchange across the border without going through an authorized Croatian bank. Nor may they have their own private account in a foreign country, but a foreign exchange account in an authorized Croatian bank. Even in that case that foreign exchange constitutes a balance of the Croatian Government. Certain representative offices of foreign banks, which exceed their authority and persuade individuals to deposit their money in foreign banks, have had an important role in the export of foreign exchange from Croatia. Foreign exchange is even being carried out on diplomatic passports, foreign nationals are also carrying it out.... In any case, a frighteningly large amount of foreign exchange is leaving Croatia, which is weakening its creditworthiness and leading us all to ruin."

How, then, to empty the foreign banks and the sock and fill the Croatian banks? In Zagrebacka Banka [Bank of Zagreb], they are recording a growth of foreign exchange savings. This is a bank caught with "old foreign exchange savings" in the amount of DM1.2 billion. In late 1991, new foreign exchange savings of individuals amounted to DM31.119 million, in late 1992 this had risen to DM103 million, and by April of this year just under DM139 million had been deposited in Zagrebacka Banka. "Savings depend more on the political than the economic situation, because politics is a barometer of the economy," says Neda Saric, director of the customer services department of Zagrebacka Banka. "When people believed that the war was over, when we were raising interest rates, and when the soundness of our bank was trusted by other banks in the world, people began to deposit considerable amounts of foreign exchange. That is, we pay a high rate of interest, especially on an amount exceeding DM300,000. After all, DM1 and DM100,000 no longer bring the same interest. By and large, the promise of complete peace in Croatia meant larger amounts of foreign exchange being brought in. The public reacts to every upheaval in society. Thus, a monthly drop in foreign exchange savings was recorded when announcements were made about changes in the Croatian Government."

Some bankers show more skepticism about savings. People are not saving simply because they do not have money, they say. Because if they had money, it would already have found channels to the banks. The question of confidence in the bank is another equally important matter. It is at such a low level that the average man believed more in the fairy tale of financial engineering than in the banks. Nevertheless, they say, the present situation favors the banks, and along with the government, they are reaping the biggest profit from inflation.

Credit Financing of the Government

"That is because they have developed mechanisms for optimum use of money and because they have inexpensive quality sources, and on that basis they reap very large profits," says Damir Odak, director of Trgovacka Banka [Trade Bank]. "Stabilization of the economy will be a very great trial for Croatian banking, and we will see who survives it and in what shape. That is, stabilization of the economy will have two essential effects. The first will be that profit per unit deposit will drop greatly. Under inflation, that profit has been abnormally high, and the competition in our country still has not been such as to minimize it. All the banks are still holding to some margin of their own, and they will continue to do so. That margin diminishes with stabilization, but at the same time it makes it possible for savings depositors to begin to spend dinars more slowly. And it is precisely the growth of dinar deposits that will make it possible for Croatian banks to provide credit to finance the Croatian economy. It is wrong to speak about foreign exchange savings as a move that will restore us to health, which will provide us new capital. After all, if domestic projects are financed with credit based on foreign exchange savings, a very high risk is being taken concerning exchange-rate differences. That is, if exchange-rate differences are passed on to the borrower, then he is in a very unpleasant situation, because he realizes his earnings and expenditures in dinars, but his credit is denominated in a foreign currency."

Stabilization, it is true, will not favor the banks, but it will favor savings depositors. In that kind of future, when citizens do not empty their current accounts in one day as soon as they get their paycheck, but it will be enough for them to last the entire month, dinar deposits in the banks will be much larger, and that will have the result of a slower turnover of money and creation of credit potential for the credit financing of the economy. This way, Odak says, by collecting foreign exchange savings, we are financing the government with credit while we are collecting its currency and putting it in the bank.

"In Austrian banks alone, there are DM620 million belonging to Croatian citizens," says Ibrahim Dedic, director of Promdei Bank. "They also represent a balance of the Austrian banks. If that money were invested in Croatian banks, it would still end up in some foreign bank, because the law requires banks to keep foreign exchange savings abroad, but then it would constitute a balance of the Croatian banks. And in that case Croatian banks would be able to take credits abroad on the basis of the deposit money in foreign banks. No one is taking that into account. Very strict customs control is needed, and in general this state must somehow protect itself against the illegal drain of foreign exchange."

Money Laundering

The black market for foreign exchange is becoming less and less serious competition for the banks, the bankers

say. "The banks are more liquid with foreign exchange than they are with dinars," says Neda Saric. "This is again a broader policy in an attempt to halt inflation and achieve dinar convertibility. The aim is to get the exchange rate on the black market as low as possible." In Zagrebacka Banka, foreign exchange depositors have been attracted by the extremely high interest rates. "Other banks," Odak says, "especially those which still have remnants of socialism, are using wide interest-rate margins to cover the losses which they have been carrying all this time and which are still being created as new loans are granted to borrowers who cannot even repay the old ones." In Promdei Bank, they have fixed and relatively low interest rates. "Some banks," Dedic says, "are paying high rates of interest, but then their board of directors meets and lowers them. It is interesting that the more old foreign exchange savings a bank has, the higher the interest rates it offers. They are purchasing the old foreign exchange savings, then, with new savings."

Ibrahim Dedic also sees the problem of the black market in the fact that the SDK [Social Accounting Service] has made it possible for private firms to obtain dinars in almost unlimited quantities. "They have been buying foreign exchange with that money. Fortunately, they have now been prevented from doing this, they can withdraw cash only for material costs. Earlier, the black market was flourishing, but today the differences between the rate of exchange on the street and in the bank are relatively small. For that matter, private firms do not need cash unless they are banks or financial institutions. They can pay all their bills through the banks. In most cases, that is how they have been handling exchange transactions. The giant firms should still be prohibited from giving dinars to brokers, who then buy foreign exchange with them. That is the business of the banks. But many large firms are bypassing the banks in such transactions."

However that may be, it seems rather difficult to close the circle of Croatian foreign exchange. Foreign capital, but also foreign exchange in Croatian socks, whatever color they might be, are awaiting more peaceful times and a more stable Croatian currency. And this can be brought about, runs the prevailing opinion in financial circles, only with shock therapy, which in the name of social peace is still not being applied. "We have to break up the cult of foreign exchange savings," says Goranko Fizulic, HSLS [Croatian Social-Liberal Party] deputy in the Croatian Assembly. "And we will break it up so that the dinar becomes convertible. I profoundly believe that there is no recovery for the Croatian economy without a convertible and sound currency. Croatia needs a sound currency, even if this has disastrous consequences in certain areas, above all for the agrocomplex, the shipyards, and public firms. Continuously postponing this problem will result only in greater sacrifices once we begin to solve it."

And the foreign exchange of Croatian individuals? Instead of going to Belgrade, it will up until that point travel westward without any control. As far as Croatia is concerned at this moment, it hardly makes any difference.

'Pluralism' in Local Administrative Units

93BA0982A Zagreb DANAS in Serbo-Croatian 23 Mar 93 pp 16-17

[Article by Miljenko Mankas: "The HSS Has Outplayed the Liberals"]

[Text] Last week, the parish deputies sat down on the benches of 21 parish assemblies. Although that act was a precedent for some parish centers, and for others a return to tradition, in both cases it was considered historic. Just as from the historical point of view the constitution [of the assemblies] was considered a return to tradition, from the political point of view it turned out to be a step toward a new level of democracy. The beginning of the activity of the local administration in accordance with the new system not only brought a definitive break with the last remnant of the system that we abandoned three years ago, but also somewhat unexpectedly brought several new characteristics to Croatia's political life. Not only is nothing as it was three years ago anymore, but many things will no longer be as they were yesterday.

The first significant reversal happened with respect to parties' political influence. What the elections only indicated gained its confirmation with the Constitution of the assemblies. The Croatian Peasants Party [HSS] exploited its success in the parish elections more than successfully in the struggle to elect those holding power locally, especially the most influential ones—the prefects and the presidents of the parish assemblies. With respect to the election of 20 of the 21 prefects, along with 15 HDZ members, three HSS members were elected, and only one HSLS [Croatian Social Liberal Alliance] member and one IDS [Istrian Democratic Alliance] member. Almost the same results were noted in the selection of the presidents of the parish assemblies. Of the 19 elected to date, 13 are HDZ members, three are HSS members, and one each are HSLS, HNS [Croatian National Party], and IDS members.

If we also take into account the fact that because of the HDZ's absolute parliamentary majority, the possibility of the HSLS's political influence is very limited, the conclusion is suggested that the HSLS, although quantitatively weak, has become the first opposition party in terms of political influence. Although the "Peasants" did not win an absolute majority of deputies' seats in any parish, through their independent electoral strategy they reached the position of obtaining a considerably larger number of parish leaders through inter-party negotiations. In the Koprivnica-Krizevac parish, where they had a relative majority, they did not leave anything to chance, but created a big coalition with the HDZ, while in the Varazdin and Bjelovar-Bilo Gora parishes, allying themselves with the fragmented opposition, or the

united coalition (the HNS, HSLS, and SDP [Party of Democratic Reform), they outvoted the more numerous HDZ. Since the local level of government, like the state one, is structured in accordance with a semipresidential principle in which the one who holds executive power (the prefect) has very great powers, it is not necessary to emphasize the extent of the HSS's negotiating success.

The other characteristic is associated with the dilemma of the secrecy or publicity of the voting, after which probably no Croatian party has any moral right to cite the values of consensus democracy, which was frequently cited by the opposition in particular. Reality, in fact, shows that all the political parties, as soon as they gain a majority, act according to all the rules of majority democracy, i.e., pragmatically. How else can one call the various demands by the same party in different parishes? While in the Coastal-Gora and Varazdin parishes it demanded a secret ballot, and in the latter walked out of the parish assembly, in the Zagreb, Dubrovnik-Neretva, and Split-Dalmatian parishes the HDZ rejected the same demand. The opposition is therefore walking out of the Split-Dalmatian assembly. The same actions, of course with the opposite parishes, also apply to the parliamentary opposition parties. The Karlovac and Medjimurje cases show that the technique of voting is not just a formal issue.

Almost three-fourths of the deputies in the Karlovac parish assembly, which consists of HDZ members, after a secret ballot, were confronted by the fact of party disunity. As we learned from the parish assembly, the division occurred as a result of municipal interests. Turning a deaf ear to the decision of their central headquarters, the HDZ members from Slunj and Saborski, supported by the opposition and some "disobedient" colleagues from Oguljin, opposed Josip Boljkovac to the "official" HDZ candidate, Mija Laic. Specifically, they think that he is more competent to resolve the "overall complex political relations and problems." Although nine independent HDZ votes were needed for Josip Boljkovac's election, Boljkovac was nevertheless elected. Several days later, he thanked them for his election, announcing that he was refusing it because of other important work that he was performing. How autonomous Boljkovac's decision was will be shown by the imminent appointment of the Karlovac subprefects, who were elected according to the same principle. At the same time, through that action we will learn what the parent headquarters thinks about the prank of its own child.

It was precisely because of a fear of disobedience that the majority parish parties demanded a public vote. It was only in Medjimurje, where there was a dead heat, that a decision on a secret ballot was adopted by consensus. The deputies attributed the reason for that decision to democracy, but after neither of the two candidates received the necessary absolute majority, it became clear that the consensus on secrecy was achieved only after tightening party discipline.

In contrast to the HDZ deputies, who can only surmise who among them is disobedient, the disobedience was publicly expressed in the HSS. Some of the Koprivnica-Krizevac HSS members publicly opposed the coalition with the HDZ, feeling that it would have a negative impact upon the party's reputation. Those who supported the coalition, however, capitalized upon the decision with the prefect title.

The third proof of pragmatism and attachment to majority democracy is the coalition among the HSLS, the HNS, and the NSS, the parties that have most often cited consensus democracy. In fact, in the Rijeka-Gora parish, they flatly refused a demand by nine HDZ members for a secret ballot, even though in the Split-Dalmatian parish they walked out of the assembly for the same reason.

After all the difficulties and disagreements with the method of voting, the question that arises is what the purpose was of the recommendation by Minister of Justice and Administration Ivica Crnic that voting be done secretly in the event of the existence of several candidates for the same position, especially since the opposite follows from the experience of developed democracies. Specifically, since deputies do not have an imperative mandate and they are not responsible to the voters as in the delegate system, they are responsible to the parties whose candidates they were, and responsibility can only be controlled by public voting. The other reason is that in voting in elections the voters primarily vote for a party, which means that through a lack of party discipline, a deputy bypasses the will of the voters.

Regardless of instructions from their headquarters, the parish deputies have shown a much higher degree of independence than their colleagues at the state level in the Assembly. The liquidation of old coalitions and the creation of new ones, pragmatism, and intraparty disobedience at the local level are proof that pluralism has been fully manifested. That could have been expected, since they are nevertheless not deciding on state issues here, but rather local ones. Through the election of local leaders, Croatia is also practicing a future model for the possible creation of a coalition government at the state level. In this respect, it is significant that the ruling party and the entire opposition, except for the HSS, are still very exclusive. Is it because a mutual coalition among them is currently unnecessary, or are there deeper reasons of a different nature? Some people familiar with political conditions think that the reason for it is the lack of mutual agreement on two fundamental political values at the state level. Specifically, the opposition still thinks that a semipresidential system and majority elections are inappropriate for Croatia. The HSS, however, is primarily pragmatic. In contrast to the rest of the opposition, it has its own position on Croatia's political system, but instead of exclusivism it prefers useful coalitions, something which paid off for it a great deal after the parish elections.

Drnovsek Meets Croatian Counterpart

AU1905101893 Zagreb VJESNIK in Serbo-Croatian 16 May 93 p 5

[HINA report: "Progress in Relations"]

[Text] Mokrice—Croatian Prime Minister Nikica Valentic and Slovene Prime Minister Janez Drnovsek and their aides held unofficial talks behind closed doors in Mokrice Castle on Saturday [15 May]. As stated later, they discussed relations between the two countries and the open issues of mutual interest. The talks were also attended by two former prime ministers, Franjo Greguric—who is now an economic adviser to the president of Croatia and director general of INA Enterprise—on the Croatian side, and Lojze Peterle, who is now Slovene foreign minister.

After the talks, the two prime ministers made brief statements for Slovene and Croatian journalists.

Prime Minister Valentic stated that "although unofficial," today's meeting with Slovene Prime Minister Drnovsek demonstrated that both sides are interested in improving relations and resolving, as he stated, numerous outstanding issues. He stressed that they agreed on which problems emerged after the dissociation of Slovenia and Croatia from the former Yugoslavia, and what the new problems are. According to him, they agreed to intensify the work of mixed expert teams and top government commissions that are trying to resolve issues of mutual interest. Speaking of specific issues, Valentic told journalists that they discussed the problem of the assets of Slovene firms and citizens in Croatia, and vice versa, the fate of Croatian citizens' savings in the Bank of Ljubljana, and the unresolved issues concerning the border and border crossings.

"We established the principles that will provide the basis for the work of the expert teams," Valentic said, thanking Drnovsek for organizing the meeting, which, according to him, has demonstrated the mutual wish to establish better and more friendly relations between the two neighboring countries.

Prime Minister Drnovsek confirmed that the talks were, as he said, "frank and intensive," and that in the "informal atmosphere" with the Croatian prime minister he discussed all outstanding issues in the relations between the two countries. He made particular reference to the part of the talks on economic cooperation between Croatia and Slovenia, stressing that some "specific steps" had been agreed on in this respect. He stressed that Prime Minister Valentic's official visit to Slovenia will take place soon, and that an agreement on trade and money transfers will soon be signed.

Drnovsek stressed that both sides are interested in overcoming outstanding problems, particularly those concerning the border. According to him, they agreed that the commissions for setting the border should work more intensively than hitherto. It was concluded that the meeting in Mokrice on Saturday represents progress in mutual relations, and that such talks are the way to solve outstanding issues in relations between the two states.

Antisegregation Law in Slovenia Urged

93BA0991D Belgrade POLITIKA in Serbo-Croatian 24 Apr 93 p 18

[Article by M. Jaksic: "Are Non-Slovenes Threatened With Having To Move Away"]

[Text] Ljubljana, 23 Apr—The forecasts of Slovene analysts that the grave economic situation in this republic could put in the worst situation members of non-Slovene peoples gradually seem to be coming true. This conclusion, that is, might be drawn following the press conference held by the Citizens Equality Party, which, it seems, has changed what many people thought to be its monoethnic profile, now bringing together members of other nationalities living in Slovenia.

Once called the "Serbian party," today it is leaving a different impression, because with its multilevel program (the emphasis is on the economic part of the program) it has aroused the interest of many people who as non-Slovenes are concerned above all because of their uncertain material and social future in this country. Thus, even its very top leadership is multiethnic, made up as it is of Serbs, Muslims, Croats, and even Slovenes, who by their involvement in the party, they say, want to contribute in all areas to the democratic and civilized shaping of the state.

As they informed newsmen about what they have noticed concerning the status of non-Slovenes in Slovenia, the most distinguished party representatives were fairly judicious, using quite specific examples as arguments to support their critical observations and the charge of "unequal status of members of minority peoples." They are insisting on civil equality through application of present-day international criteria on respect for human rights. The greatest space was given to the government's initiative to study the timeliness of dual citizenship for those people, discrimination of non-Slovenes, so they said, when it comes to distribution of so-called government shares of enterprises here and the lack of goodwill on the part of the Slovene authorities concerning the autochthonous cultural needs of "foreigners in the Slovenian state."

In addressing the newsmen, they did not overlook the fact that Slovenes are largely sharing with them the destiny of citizens of a financially scuttled state, or, however, certain increasingly striking nuances of what overall is an adverse downgrading of status. More and more frequently, they said, there are cases when employment security agencies send back to work only Slovenes previously laid off, while non-Slovenes have almost no prospects to go back to work. They are outraged in any case because of the "institutional neglect," because the move they made at one time from one republic to another, covered by the criteria of the joint Yugoslav

state, is more and more frequently being neutralized by the uncertainty of a tacitly imposed status of foreigners in the conventional meaning of that word as understood, for example, in a number of West European countries.

They are having a problem with the so-called government shares regardless of the fact that most of them have Slovene citizenship, and those shares might in fact afford them a more promising future existence instead of uncertainty.

If they are left without dual citizenship and without basic means of support, "they will ask us, Should we go back to Serbia, Croatia, Bosnia and Herzegovina, and so on—where have you been up to now, when things were most difficult here?" But they will likewise add: "If we retain dual citizenship, again we will have to go back, because there is less and less work in Slovenia, and we will nevertheless be without it more frequently than the Slovenes." Which accounts for the key question which is bothering them at this point—Are we not threatened nevertheless with having to move out, which the Slovenes, defending themselves against possible suggestions that they are carrying out ethnic cleansing, will refer to as a consequence of the great economic crisis?

That is why they decided to first refer to their troubles more in terms of civil rights than ethnic rights. They feel that it is above all as citizens that they must be equal with others. Otherwise, their possible exodus to their parent countries will take on features which have all the consequences for the Slovenian state. That is also why they give specific examples of individual chicanery to which they have been exposed by Slovene nationalists. One of the members of this party's presidium, for instance, who happens to be a private businessman, had some of his property worth 4,000 German marks destroyed by them, and those who did it were fined only 2,000 Slovene tolars.

Similar things have been happening to them with their children as well. Thanks to the transmission of interethnic enmity over the media, as they put it, the children in school must share the odium toward the Serbs as a people that has all been proscribed by the entire world, all the way to advertisements in the newspapers whose authors (usually owners of private firms) give preference to Slovenes when hiring.

For all these reasons, non-Slovenes have decided to submit to the most radical institutional protective mechanisms such as the proposal, which was also heard at that conference, that members of minority peoples demand that the Slovenian authorities adopt a law against segregation.

Government Commission Investigates VIS Activities

93BA0990A Ljubljana DELO in Slovene 26 Apr 93 p 2

[Article by Vinko Vasle: "The Government Commission's Findings Are Supposed To Make Serious Charges Against Bavcar and Brejc"]

[Text] *On the talks with Brejc and Jeglic; the case of Peter Rigl; Sirse on the missing documents; the money in the special fund; the transit and purchase of weapons; VIS [Security-Information Service] and foreign secret services; on the "attempt" to monitor the LDS [Liberal Democratic Party]; the network of collaborators.*

Ljubljana, 25 Apr—The report from the commission for monitoring the exercise of the rights, duties, and powers of the head of the VIS (that is the title it bears) is somewhat more than 10 typed pages long and bears the date 19 April 1993. It was signed by all three of the responsible ministers: Miha Kozinc, Ivo Bizjak, and Dr. Rado Bohinc. The report was prepared in six copies, and they were received by Dr. Janez Drnovsek, Ivo Bizjak, Rado Bohinc, Miha Kozinc, M.A. Janez Sirse, and Dr. Miha Brejc. If the claims that one of the members of that commission is seriously compromised in the present scandals are true, then the report itself will lose credibility. The members of the commission note to start with that the prime minister, in accordance with the Law on the Government, charged them with preparing a written report within 60 days on the VIS's work. The commission then, with a letter of 25 February 1993, asked Dr. Miha Brejc and Roman Jeglic, the deputy director, for a written report on the VIS's work. According to the report, Brejc, in a letter of 1 March 1993, informed the commission that "he could not provide a report on the VIS's work for the last two and a half years." He is supposed to have cited two reasons for this: 1—because the commission did not have any jurisdiction in connection with the VIS before it was appointed and before the VIS became a government service; and 2—because since turning over his duties to the new head of the VIS on 22 February 1993, he no longer had any right or possibility of access to VIS documentation. Dr. Brejc, however, expressed his willingness to participate in clearing up any issue whatsoever in connection with the VIS's activity. VIS Deputy Director Roman Jeglic, however, in his letter of 11 March 1993, explained the use of special methods and means, the report stated, among other things.

Then, on 14 March 1993, the commission conducted a talk with Dr. Miha Brejc and Roman Jeglic, and also with Janez Sirse on 14 March. In the talk with Brejc and Jeglic, the commission "proceeded from the statements and warnings that Roman Jeglic wrote in his letter to Dr. Janez Drnovsek on 13 February 1993." The commission also reviewed the KPRZ [expansion not given] registry at the responsible court. The commission's report then has a chapter entitled "Powers and Tasks of the VIS" (the legal basis for the VIS's work, what methods it can employ, etc.). In the next chapter, the commission quantifies the number of special operational methods and means that the VIS used during the period from 1 December 1991 to 16 April 1993. That part of the report says, among other things:

"During the talk with Dr. Miha Brejc, the question of whether the VIS also monitored political organizations in its work was raised.

"Dr. Brejc asserted that the VIS had never engaged in such work, but that in just one case a mistake had occurred, when they were supposed to monitor a certain person and overlooked the fact that it was a telephone line used by the LDS. That was determined by the court, and it did not issue a decree permitting monitoring of the telephone line. With a decision from the responsible court, no. 186 of 17 September 1992, the VIS received permission to monitor the telephone and facsimile machine of Peter Rigl during the period from 17 September 1992 to 17 December 1992. Just before the request to the responsible court for permission to monitor the telephone and facsimile machine, Peter Rigl was appointed coordinator of the election campaign of Dr. Janez Drnovsek and the LDS.

"In the talk on 14 March 1993, Dr. Brejc explained that all the documentation was at the VIS, and likewise, according to his explanation, the reasons for monitoring the telephone line lay elsewhere and not in Peter Rigl's party activity. He said that he himself did not know about Peter Rigl's activity in the LDS campaign staff. M.A. Janez Sirse, in the talk on 14 March 1993, explained that the VIS did not have documentation on this case."

Further on in the report, the commission talks about the use of special methods and means in the HIT case. All the court decrees that approved the VIS's uses of those means, and their dates, are given.

"Since at the time of the talk with Mr. Miha Brejc on 14 March 1993, the commission did not know about the HIT matter, in the commission's talk with M.A. Janez Sirse on 13 April the latter explained that the VIS did not have any information whatsoever on HIT Nova Gorica, and that in a conversation that he had with Dr. Miha Brejc, the latter explained that they were activities that took place solely on the basis of oral information and that written documentation did not exist, and when it did exist it was immediately destroyed.

"M.A. Janez Sirse explained to the commission that such a working method was unusual for the VIS, since for every assignment a project task was opened, which was appropriately recorded, and likewise all packages sent and received were recorded. He likewise explained that it was not customary for employees of the Ministry of Internal Affairs, the detective service administration, or the Public Auditing Service to be kept informed only orally in such matters. In his opinion, documentation on the HIT affair should have existed, and there were grounds to suspect that it had been removed. M.A. Sirse likewise explained that no documentation at all existed in the case of the Portoroz Casino, although its activity was monitored in the same way as the activity of HIT Nova Gorica.

"The commission thinks that the VIS should be assigned to attempt immediately to reconstruct the documentation in the cases of HIT Nova Gorica and the Portoroz Casino, and likewise, together with the Ministry of Internal Affairs, to determine how the above-mentioned documentation was removed."

The third chapter in the report is entitled "Special Fund Assets." The commission notes that the VIS had assets in a special fund that were provided partly from the budget and partly from its own activity. When necessary the VIS converts those assets into foreign exchange needed for work abroad. Upon assuming his duties, M.A. Janez Sirse—according to the report—determined that on 15 January 1993 the documentation on the special fund had been destroyed, and that there was a record of it signed by Dr. Miha Brejc, Miro Predanic, adviser for internal security, and Nada Cik, treasurer of the special fund. From the record on the review and destruction of the financial documentation, it is apparent that the documentation should have corresponded to the actual operation and status of the financial assets, and that consequently the commission, using the provisions of the instructions for handling the special fund, decided that all the documentation for the above-mentioned period would be destroyed.

"The commission notes that the destroyed documentation on the foreign exchange funds, according to the record, applies to the period from 1 January 1991 to 31 December 1991, and consequently documentation should exist for the year 1992, or else a record of the destruction of the documentation for that year.

"In the above-mentioned records, the commission cites the instructions on handling the special fund, although the instruction on using the assets in the special fund was never adopted and exists merely as an undated proposal. The commission thinks that documentation on the special fund should not be destroyed on the basis of a nonexistent regulation."

On 25 February 1993, VIS Director Janez Sirse, through a verbal order, appointed a commission tasked with reviewing the operation of the VIS special fund and preparing a report. On 31 March 1993 the commission drafted a report stating that the destruction of official documents like cash books, which the commission noted in the main book of the VIS special fund, in the third district in Koper, and indirectly also in the second operational district in Maribor, had no basis in any regulation or in past practice in the VIS's work. In the commission's opinion, these are documents that are kept permanently or else archived after a specific period. In that commission's opinion, the composition of the commissions that destroyed the records was also incorrect, since in two cases that commission consisted of the group that in practice also controlled the special fund.

In particular, the commission pointed out the findings in the second operational district in Maribor, where the commission found that the cash books and foreign exchange books for the years 1990, 1991, and 1992 were compiled retroactively, namely in January 1993. The commission likewise found that certain pages had been torn out of the cash books.

The commission's report has a fourth chapter, entitled "Problem of the Transit and Purchase of Weapons." Specifically, the VIS monitored activities in connection with purchases and transportation of weapons officially after 24 December 1991, when a special project was also established. The arms trade was monitored by the appropriate services by operational-technical means and analytic methods, of which the VIS prepared an extensive review and assessment on 11 January 1993, which was not—according to the government commission's report—provided to anyone. The VIS only informed external users about the problem in three short statements, according to the commission, which added that arms trafficking across Slovene territory was also being intensively monitored by foreign intelligence services, since that trade represents a violation of the EC and UN embargo on trading in and importing weapons.

The commission also talked with Brejc and Jeglic about it. In that conversation, Jeglic asserted that the VIS was monitoring the arms trade, as a permanent task. He asserted that specific transactions had been conducted with Croatia and Bosnia, but that those who had working comprehensively on those matters should know about it. In his opinion, Dr. Brejc and Predanic worked directly on this. In order to protect certain information, we will leave out Dr. Miha Brejc's very specific answer to all of this, and also the contents of several documents that Janez Sirse showed the commission.

The next chapter in the report is entitled "Removal of VIS Documentation," in which the commission notes which documentation is missing (on HIT, the Portoroz Casino, and Rigl). Also supposed to have disappeared is the documentation on the personnel checks on VIS employees, and in that regard the commission noted that the documentation on 130 VIS employees was missing. The documentation on registered cases is preserved in its entirety, but the VIS assumes—according to the report—that individual more important documents, which reached their recipients outside of the established channels, could also be missing. The VIS also notes that part of the documentation on the "Lipa" operation (the Yugoslav People's Army air force) is also missing.

"Upon the change in the system, when part of the archives of the former State Security Service was supposed to be destroyed, the Minister of Internal Affairs at that time, Igor Bavcar, and service chief Dr. Miha Brejc stated that part of the documentation had been reacquired, but that documentation, according to the VIS's statements, was not sent to the VIS archives. The VIS notes that approximately 15,000 to 18,000 dossiers located on microfilm are missing.

"According to the VIS, documents on the transit and procurement of weapons for the Republic of Croatia and Slovenia and on internal security and other internal investigations were not sent for VIS documentation.

"The network of collaborators was updated in the beginning of 1991 and the list was turned over in its entirety to Dr. Brejc, and through him to the minister of internal affairs at that time. In January 1993, according to M.A. Sirse's information, all the documentation in connection with collaborators, expenses, and cash books on dealings with the network of collaborators was destroyed in its entirety...."

The sixth chapter is entitled "The VIS's Contacts With Foreign Countries," and says, among other things, that all the documentation on contacts with several countries is missing. The seventh chapter is entitled "Monitoring Domestic Political Elements," and says that the VIS, "during the period before the December elections, tried to use operational-technical means to monitor the activities of the LDS at its headquarters at 4 Dalmatinova in Ljubljana, but it was not carried out."

High-Ranking Politicians Involved in HIT, VIS Affairs

93BA0990C Ljubljana DELO in Slovene 28 Apr 93 p 2

[Article by Vinko Vasle: "How the HIT Scandal Became a VIS Scandal, and What Brejc's Dossiers Conceal"—first paragraph is DELO introduction]

[Text] The documents that Dr. Miha Brejc delivered to the parliamentary commission could reveal all sorts of details; there are more than enough reasons for the scandal to be hushed up; did the VIS [Security-Information Service] monitor Dr. Drnovsek's private life, or only guard him?

Ljubljana, 27 Apr—The HIT-VIS scandal, on the basis of the documents that Dr. Miha Brejc delivered to the parliamentary commission, could reveal all sorts of more than unpleasant details about individuals in political parties, the government, and the state leadership. It could reveal old UDBA [State Security Administration] and State Security Service ties, and answer the question that has been posed a thousand times about where Slovene capital went or is going abroad, who controlled or is controlling it, and for what purposes it has been or was spent.

There are consequently more than enough reasons to hush up the scandal, although now, of course, there is very little possibility that it could happen. Along with all of this, several more details are known which "make" the scandal even more provocative, and also mysterious. Now it is also already clearer why some representatives of the Slovene casinos last year, through political lobbying and interventions, tried so hard to keep the law on games of chance from being passed in the version that came to parliament as a draft. The draft provided for nationalizing the casinos, but its opponents declared that to be a serious blow to the economy, which was trying to take a step forward precisely through privatization and a known owner. In fact, if the threat in the draft law were to be carried out, then there would be a possibility that some dirty deeds would nevertheless come to light.

When the first hints became public that things regarding Nova Gorica's HIT were not innocent at all, HIT's representatives tried through interventions in political circles and some republic media to prevent the affair from growing, first of all privately, and then through infelicitous public statements and a catastrophic press conference. According to our information, HIT's general director Danilo Kovacic found out as early as last year that he was a subject of investigation by the VIS. That is supposed to have been confided to him by a person who is frequently being mentioned today in connection with the scandal.

Soon afterward, the State Assembly adopted the Law on the Government, which transformed the VIS into a government service. In accordance with that law, Brejc offered his resignation to the prime minister, but the latter did not accept it. Thus, in the middle of last year, Drnovsek still did not see any reason to replace Brejc, but just a month later information began to circulate about several names that were supposed to replace the former VIS director. They also included the name of Roman Jeglic, Brejc's deputy. Immediately afterward, Drnovsek withdrew the proposal according to which Janez Sirse was supposed to be appointed state secretary for tourism, and appointed him as the new VIS director, which the government also formally confirmed at its 19 February meeting.

Two days in February, before Sirse's official appointment, are particularly important, however! Specifically, on 12 February, Brejc wrote an extensive letter that he sent to State President Milan Kucan, Prime Minister Dr. Janez Drnovsek, and State Assembly President Herman Rigelnik. On the afternoon of the same day, Justice Minister Miha Kozinc (who also heads the government commission for the VIS) met at Brdo near Kranj with the VIS's deputy chief, Roman Jeglic. The result of that conversation was the fatal letter that Jeglic addressed a day later—on 13 February—to Prime Minister Drnovsek.

That, however, was not Jeglic's only contact with some important state and government officials, since according to our information he had already met earlier with several of them, and after the VIS director's replacement he did so even more intensively. What is even more interesting is that some individuals in the state leadership are supposed to have been informed even before Brejc's replacement that there were no documents on the VIS operations at HIT and the Portoroz Casino, and that there were "grounds to suspect that they are at an unknown location." In this regard it is interesting that Sirse only informed the government about the "missing dossiers" on 15 April, when he had already been in the position of VIS director for two months.

The fact is, therefore, that there were a lot of people who already knew very early that the above-mentioned documents were not at VIS headquarters (in the offices of the Ministry of Internal Affairs), and that no one knew where they were (except for one of the authorized VIS employees), and consequently for some time the individuals concerned even believed hints from VIS circles that the documentation had been destroyed, along with simultaneous reports that from all indications VIS's special operational methods in that operation had not yielded suitable (needed) results.

There were more than a few people who were considerably relieved then, but the efforts to locate the possible documents did not stop. Some private detective agency is even supposed to have been involved in it! It was only after all this that Drnovsek informed Brejc of the contents of Jeglic's letter, which of course made serious charges against the former VIS director. Then, at Brejc's request, there was a confrontation between him and Jeglic in the presence of all three ministers who comprise the commission for monitoring the exercise of the rights, duties, and powers of the head of the VIS. Minister Kozinc did not allow the hearing to be recorded, and Brejc later, in spite of numerous interventions (even to Drnovsek), did not obtain the minutes.

At the beginning of April the HIT scandal became public, and during all that time the 60-day period was running during which the government commission (Bohinc, Kozinc, and Bizjak), on orders from Prime Minister Drnovsek, had to prepare a written report on VIS's work while Dr. Miha Brejc still headed it. A comparison between Jeglic's letter and that commission's findings shows that the commission mostly relied on Jeglic's claims, since some of its findings are almost identical with Jeglic's claims. Among other things, the commission revives the "Rigl case," and says that he coordinated Drnovsek's election campaign, but it does not record that there was a court order for the use of special operational methods. It is also not completely clear from the report that there are essentially two cases that should be associated with the LDS—the Rigl case and the arms trafficking case.

Brejc later explained that at the time when he is being criticized for trying to eavesdrop on the LDS, he was not even in Slovenia, and that at that time, in his absence, Roman Jeglic was substituting for him. In spite of all this, the commission wrote in the conclusion of its report that the VIS, "during the period before the December elections, tried to use operational-technical means to monitor the LDS's activities at its headquarters at 4 Dalmatinova, but it was not carried out." At the same time, the commission wrote that VIS was monitoring Zmago Jelincic even during the election campaign, but it "forgot" to write that the VIS had a legal court order for that in its hands.

It was just on the same day (Friday, 23 April) when Brejc delivered two boxes of documents to the parliamentary commission for oversight of the legality of the VIS's work that the government met in a panic in the offices of the State Assembly. To be sure, it was supposed to talk about the budget, but it devoted the most time and bitter polemics to "Miha Brejc's behavior." It not only edited

Jeglic's letter in its own way, but it also, in a subsequently communique from the information office, nicely quoted it along with parts of the three ministers' report. It also "forgot" that these were two documents that the government itself marked top secret. The government even wrote an obvious falsehood in its report when it said that the responsible court had prohibited the VIS from monitoring the LDS's activity during last year's election campaign, since the court did not prohibit anything, but simply did not grant court permission to wiretap telephone numbers at the LDS's headquarters at 4 Dalmatinova.

Among other things, fear was also expressed at that government meeting that the names of the individuals who were cited by Brejc at the morning session of the parliamentary commission for overseeing the legality of the VIS's work might become public. Also important is the fact that the day before this (on 22 April), Bavcar and Drnovsek already met for the third time, and Justice Minister Miha Kozinc also attended the talk. According to our information, this was an attempt by the government "to calm passions" and to "keep the scandal from being intensified to the point of exhaustion," "since things could get out of control." On the next day Brejc delivered the documents. For at least a month, numerous other attempts have been made to "influence" individuals involved, including the editors of some media, who were supposed to "stop their current persecution of the government and some individuals" and their "unnecessary incitement of the HIT scandal."

[Box, p 2]

"We Guarded the Prime Minister; We Did Not Monitor Him"

Dr. Miha Brejc (answering a question or criticism at the press conference, that the VIS is supposed to have monitored Drnovsek's personal life:

"Look, every secret service in the world has among other things the task of collecting information on protected individuals. In our specific case, there are six individuals; there were at least that many, and I do not know how many there are today. These were all three presidents, and the interior, defense, and foreign ministers. This is not a question of collecting information on their personal lives, on what they do. The service has to know far in advance where one of them will go and when, so that it can carry out all the necessary security measures. It is also important who surrounds these protected individuals and who visits them. In our case it is interesting that complete unknowns can possibly visit even the republic president, without officials from the responsible service first asking who such and such a person is. Nevertheless, until something happens, it will probably be difficult to change that practice.

"When the prime minister summoned me for our first talk, when I was in that role (VIS director—author's note), he also asked me about the people surrounding him, and I explained to him what I knew, as was my duty. I furthermore told him that this was the information that the VIS had, that not all of them had been checked yet, and that some still had to be checked, since these are serious accusations if you say that someone is an agent, or whatever. It is not possible. It is necessary to construct a system far enough that something is confirmed. How do you think that various spies were discovered in the cabinets of West Germany or the NATO pact? And I told the prime minister what I knew.

"The individuals that the prime minister asked about also included Mr. Sirse. At that time I told him very clearly that I did not trust him, and that was one time in January—I do not know. A week later, in our next talk, the prime minister said to me, 'Why do you have so much against these people around me?' I explained to him again that I personally did not have anything against them, but that the service's obligation was to take care of the personal safety of the prime minister, for example, and to do everything possible to make sure that the prime minister was well-protected so that he could do his job."

National Democrats Absorbed by Christian Democrats

93BA0990B Ljubljana DELO in Slovene 26 Apr 93 p 2

[Article by Marko Jakopec: "The NDS Has Become a Wing of the SKD"]

[Text] *The National Democrats decided that at their congress on Saturday; criticisms of the leadership for selling the party; Dr. Andrej Umek elected the new president.*

Ljubljana, 26 Apr—Since the party's congress on Saturday, the National Democrats have been an independent wing within the Slovene Christian Democrats [SKD]. They decided on this step after a long, stormy, and very polemical debate, in which the opponents of joining the SKD accused the NDS [National Democratic Party] leadership of being to blame for the party's failure in the elections, and of being responsible for the large decline in membership, criticized it for talking about the merger independently without opinions from the members, and accused it of literally selling the party in order to ensure new and better positions for itself.

The former president of the National Democrats, Dr. Rajko Pirnat, in a report on work since the previous congress, stated among other things that the National Democrats had always advocated a merger of all the right-center parties in Slovenia. In this regard he emphasized that the merger with the SKD was the first step toward that merger, and warned that only a strong united right wing could compete on an equal basis with the left wing, which was also rapidly uniting. He added that by joining the SKD the National Democrats would by no means lose their independence and political identity, and would thereby acquire the opportunity to promote and realize their program.

The opponents of the merger with the SKD were by no means satisfied with his report and the arguments for the merger, and they criticized him personally and the members of the party's leadership of being to blame for the NDS's failure in the elections, since they essentially started preparing for them too late, in a disorganized way, and in general quite incorrectly. They criticized him for egotism and a lack of cooperation with the membership. They said that it was by no means possible to join the SKD, since the former SDZ [Slovene Democratic Alliance] was the first part in Slovene, the first one that ventured to oppose the one-party system at that time, and consequently at most the SKD should merge with the National Democrats. There were very vocal criticisms that the leadership was selling the party, with the members being only pieces without any rights that were being moved here and there. They loudly and emotionally claimed that joining the SKD meant the end of the National Democrats, and demanded that those who wanted to join the Christian Democrats simply go, and leave the party to the others so that it could continue its political path independently as in the past. Those who favored the merger with the SKD also spoke, and told the opponents that the times of romanticism in Slovene politics had irrevocably passed.

After the adoption of Pirnat's report, the congress voted on the agreement to merge with the SKD. Of the delegates present, 78 voted for the merger, and 43 against, while one abstained; the merger was thus adopted. After the vote, a majority of those who opposed the merger walked out of the congress. In the corridor, they told us that they would conduct thorough talks with the individual party municipal committees on what to do in the future, since there were many of them who had decided by a majority against a merger with the SKD. Otherwise, Dr. Andrej Umek was elected as the party's new president at the congress.

Federal

Kozyrev Arrives in Belgrade for Talks

LD1805150293 Belgrade TANJUG in English 1425 GMT 18 May 93

[Text] Belgrade, May 18 (TANJUG)—Yugoslav President Dobrica Cosic on Tuesday received Russian Foreign Minister Andrey Kozyrev immediately after he arrived in Belgrade, the third stop on his six-day tour described in Moscow as a mission of 'clarification and persuasion.'

One of the chief topics of the talks, held at the Federation Palace in Belgrade behind closed doors, is how to implement the Vance-Owen plan for resolving the conflict in the former Yugoslav republic of Bosnia-Herzegovina.

The talks are attended by Russian Deputy Prime Minister Sergey Lavrov, Yugoslav Foreign Minister Vladislav Jovanovic and special advisor to the Yugoslav President Svetozar Stojanovic.

In Berlin on Monday evening, Kozyrev met with German Foreign Minister Klaus Kinkel, and on Tuesday morning in the Croatian Adriatic town of Split with Croatian President Franjo Tudjman and Bosnian Moslem leader Alija Izetbegovic.

Kozyrev's six-day tour, during which he is also due in Rome, Washington and New York, has been undertaken in order to present the so-called Yeltsin Plan for the earliest possible implementation of the Vance-Owen plan.

The four-point Russian project is based on a virtual closure of the border between the Federal Republic of Yugoslavia and former Bosnia-Herzegovina, a strict application of sanctions against Yugoslavia, setting up of safe areas in Bosnia-Herzegovina and of an international tribunal for war crimes committed in former Yugoslavia.

The presidents of Yugoslavia's federal units Serbia and Montenegro, Slobodan Milosevic and Momir Bulatovic, are also expected to receive Kozyrev later in the day.

Kozyrev Meets With Cosic

AU1805161993 Belgrade Radio Beograd Network in Serbo-Croatian 1535 GMT 18 May 93

[Text] The meeting between Yugoslav President Dobrica Cosic and Russian Foreign Minister Andrey Kozyrev lasted less than two hours. Kozyrev and Cosic addressed reporters afterward. Jelena Vidic reports:

[Vidic] Kozyrev said that the essence of the so-called Russian initiative is to start implementing the Vance-Owen plan, because, as he said, there was no other sensible alternative to the plan, even though all three sides are almost equally dissatisfied with it. What is important is to begin implementing it. I am encouraged by the talks with Presidents Izetbegovic, Tudjman and Cosic, Kozyrev said, adding that all of his partners in the talks favored the plan. They are aware of the difficulties and differences, but are open for talks on practical details concerning implementation.

Asked how the plan would be implemented when the Bosnian Croats and Muslims, who have signed it, are now waging bitter battles for territory, Kozyrev said that we would do everything possible to ensure the final peace process and the implementation of what I consider the most sensible thing at this moment, namely the Vance-Owen plan.

He then spoke about the deployment of observers the on Bosnia-Herzegovina borders with Yugoslavia and Croatia, saying that he is satisfied with Belgrade's decision to stop providing aid to the Bosnian Serbs. As he said, this was also confirmed by Cosic during today's meeting. Therefore, Kozyrev said, I do not see any reason why observers should not be posted on the borders of Bosnia-Herzegovina.

Jovanovic Reviews Talks

AU1805171493 Belgrade Radio Beograd Network in Serbo-Croatian 1540 GMT 18 May 93

[News conference by Foreign Minister Vladislav Jovanovic with unidentified reporters after his meeting with Russian Foreign Minister Kozyrev in Belgrade on 18 May—recorded]

[Text] [Jovanovic] We discussed the implementation of the Vance-Owen plan under the current conditions. Then, Minister Kozyrev briefed us on his talks with Presidents Tudjman and Izetbegovic in Split, and, of course, the issues concerning observers. In our view, this question implies other issues too, and requires thorough analysis before we can express our specific views on it.

[Reporter] Does this mean that there is no Yugoslav position, considering that Tudjman has promised that he will close the border? [sentence as heard] Did Kozyrev not proceed from this?

[Jovanovic] We made a decision to reduce our current level of aid, to reduce it to humanitarian aid before he came here. Regarding Mr. Tudjman, he opened his borders widely as long as one year ago. His entire army has crossed this border and is still in Bosnia. He should first withdraw his army of 60,000 men, and then look in the eyes of the international community (?when) he speaks about the closure of his border.

[Reporter] Did Minister Kozyrev convey to you the assessment of Mr. Tudjman that they will also agree on observers being deployed along the border between Bosnia and Croatia?

[Jovanovic] Yes, he said that this was discussed, that Mr. Tudjman did not have any serious objections, and that he accepted in principle that this could be done. The army was not discussed however.

[Reporter] Was there any mention of sanctions [words indistinct]?

[Jovanovic] Yes, we raised this issue, just as we always raise it in regard to unjust and inexcusable treatment of Yugoslavia as a country that is supposedly the most responsible for the war in Bosnia-Herzegovina. Understandably, we cannot get an answer to this issue from any one UN Security Council member, but from all of them together. This will depend on further developments in the situation.

[Reporter] Could you single out at least one good thing from today's meeting? What new quality has it yielded?

[Jovanovic] First of all, this means the continuation of our intense exchange of opinions and cooperation with Russia to find a solution for the Bosnia-Herzegovina crisis. There have been plenty of such meetings over the past few months. This is, in a way, a synthesis of all the topics that we had considered. It was established that Russia and ourselves both strongly support the peace process based on the Vance-Owen plan, and that in this sense we wish the fullest possible engagement of the entire international community so that other possible options would finally be dropped and left behind.

[Reporter] Did you discuss the referendum of the Bosnian Serbs and the possible deployment of Russian troops on the borders?

[Jovanovic] The referendum was mentioned, naturally, which will be the case whenever someone discusses this situation today in such [words indistinct]. We did not discuss the deployment of Russian troops in Bosnia.

[Reporter] What will Yugoslavia's foreign policy be after the referendum?

[Jovanovic] You know, our policy consistently supports the cause of peace. There has never been any (?doubt) here. We have always demanded that the crisis in Yugoslavia be resolved by lawful means. The war that broke out first in Croatia and later in Bosnia comes as a result of the use of illegal means by seceding republics, which put the Serbian peoples, as the constituent peoples, in these former Yugoslav republics at risk. The resistance of the Serbian people occurred precisely as a result of the violation of and tampering with their rights. Now, as we have explained, we no longer find this resistance necessary because the international community has corrected the mistakes made at the beginning. The Serbian constituent peoples in Bosnia have had their constituent status reaffirmed, as well as the right to resolve all vital issues through consensus. We believe that the Vance-Owen plan offers a sound basis for the resolution of the remaining open issues in the Bosnian crisis in further proceedings of the negotiation process. This primarily refers to the unsettled issue of the maps.

[Reporter] Do you believe that Mr. Kozyrev will, after all today's meetings, leave with Yugoslav approval for the deployment of international observers along our borders?

[Jovanovic] Let us first wait for all the meetings. Why should we speculate in advance about what Kozyrev will leave with? However, I am sure that he will not leave dissatisfied, as [FRY President] Cosic on this occasion again concluded that our historic friendship is perennial, and the efforts undertaken at this moment by the Russian Government, primarily President Yeltsin, are peace efforts which deserve to be acknowledged and valued. Mr. Cosic conveyed this to our guests.

[Reporter] Since Belgrade's constructive contribution to the resolution of the Bosnian crisis was viewed positively in Moscow, is there perhaps, nevertheless, some possibility that the issue of alleviation of the sanctions could be raised?

[Jovanovic] Definitely. We have discussed this on several occasions. Others have also spoken of this, also the cochairmen, in Athens and subsequently. We must, first of all, secure peace, an absolute end to military activities throughout the Balkans, and commence with the implementation of the plan. These are the formal conditions. Once they are fulfilled, all the champions of maintaining sanctions against Yugoslavia will be disarmed. They will not be able to defend their position any longer, not only because of our arguments, but also because numerous other countries, including the members of the UN Security Council, will refuse to maintain such an artificially unfair situation. Prior to this, however, the processes that I have mentioned must begin.

'No Alternative' to Vance-Owen

LD1805174393 Belgrade TANJUG Domestic Service in Serbo-Croatian 1610 GMT 18 May 93

[Text] Belgrade, 18 May (TANJUG)—There is no alternative to the Vance-Owen plan in resolving the Bosnian conflict, although all three warring sides have more or less the same reasons to be dissatisfied with the plan.

This was stated today by Russian Foreign Minister Andrey Kozyrev following talks in Belgrade with Yugoslav President Dobrica Cosic.

The talks at the Palace of the Federation lasted for almost two hours. Present were Federal Foreign Minister Vladislav Jovanovic and President Cosic's special adviser Professor Svetozar Stojanovic, on the Yugoslav side, and Russian Deputy Foreign Minister Vitaliy Churkin and Deputy Defense Minister Boris Gramov on the Russian side.

Kozyrev said that today's talks primarily encompassed the possibilities for the practical implementation of the Vance-Owen plan. As he said, he was encouraged by what he heard this morning from Croatian President Franjo Tudjman and Bosnian Muslim Leader Alija Izetbegovic, with whom he held talks in Split, as well as by

what he was told by Yugoslav President Cosic. They all support the Vance-Owen plan and are open for talks on ways to implement the plan regardless of the difficulties and differences between them, Kozyrev said.

The Russian foreign minister, who arrived in Belgrade from Split a little after 1400 today, told the press that, in his talks with President Cosic and his associates, he also discussed the question of observers who, in the opinion of official Moscow, should be deployed along the border between the Federal Republic of Yugoslavia and former Bosnia-Herzegovina. In this context, he conveyed to the Yugoslav side the stand of the Croatian president who, as Kozyrev said, agreed that observers should alsobe deployed along the border between Croatia and Bosnia-Herzegovina.

In his press statement following the talks in the Palace of the Federation, Vladimir Jovanovic, head of the Yugoslav diplomatic service, confirmed that the question of observers monitoring the border with Bosnia was discussed. He said that the Yugoslav side maintained, however, that this initiative is yet to be thoroughly examined.

Reflecting on Tudjman's acceptance of observers, Jovanovic noted that Croatia "opened" its border with Bosnia-Herzegovina as early as a year ago and that now it should, above all, withdraw its 60,000 troops from this former Yugoslav republic.

Urged by the reporters to say something about Yeltsin's alleged initiative on speeding up the Vance-Owen plan, Jovanovic said that this was the first time he has heard of it, which means that it was not featured at today's talks. We were talking about how to implement the Vance-Owen plan in today's circumstances, Jovanovic stressed.

In Jovanovic's words, the unjust sanctions were also discussed today. The first and fundamental condition for having them lifted is peace in Bosnia-Herzegovina, he said.

The head of the Yugoslav diplomatic service then said that Yugoslav policy on former Bosnia-Herzegovina "is consistent and peaceful." He noted that that Yugoslavia has always demanded that the Bosnia-Herzegovina crisis be resolved in a peaceful way.

Stressing that in today's circumstances there is no alternative to the Vance-Owen plan, Jovanovic said that there are no longer any reasons for the Bosnian Serbs to resist it. He underlined this statement by concluding that the international community has recognized the Bosnian Serbs' right to consensus and to be a constituent element.

Finally, assessing the talks in the Palace of the Federation, Jovanovic said he hopes that Mr. Kozyrev will be satisfied on his return home from Belgrade.

Government Seeks To Reintegrate Into World Community

LD1805195193 Belgrade TANJUG in English 1743 GMT 18 May 93

["Pool" item]

[Text] Belgrade, May 18 (TANJUG)—The Yugoslav Federal Government on Tuesday [18 May] held a consultation about the perpetuation of Yugoslavia and the status of Yugoslavia in the United Nations and other international organisations, said the Federal Information Ministry.

Prime Minister Radoje Kontic said the consultation was held to find ways and means for Yugoslavia to retain its membership of the United Nations and its specialised agencies, as well as of international financial and other organisations.

The opening report was submitted by Deputy Premier and Foreign Minister Vladislav Jovanovic.

In view of the exceptional importance and complexity of the problem of how to perpetuate Yugoslavia and reincorporate it in the international community, a number of proposals were made for concrete diplomatic steps that should be taken.

It was agreed that the Foreign Ministry draft a platform on behalf of the federal government, which should then be submitted to parliament for approval, said the Information Ministry.

Yugoslav Army Denounces Seselj

LD1805201693 Belgrade TANJUG Domestic Service in Serbo-Croatian 1656 GMT 18 May 93

[Text] Belgrade, 18 May (TANJUG)—"In response to a series of lies and brutal slander spread recently by Mr. Seselj [leader of the Serbian Radical Party] regarding Colonel General Zivota Panic, chief of the general staff of the Yugoslav Army, and regarding the Yugoslav Army as a whole", the General Staff of the Yugoslav Army issued a statement today saying that the leader of the Serbian Radical Party "has recently been working intensively to obstruct the national unity of Serbs".

The statement of the Yugoslav Army's General Staff reads:

"Judging by all appearances, the loss of the possibility to receive intelligence reports on events taking place within the Yugoslav Army's General Staff and in the Yugoslav Army as a whole—which was caused by the latest personnel changes in the top echelon of the Yugoslav Army—has caused Serbian Radical leader Vojislav Seselj's loss of common sense. In this respect, it is necessary to review the latest series of uncontrollable public statements by the leader of the Serbian Radicals.

The position, role, and the method of managing and commanding the Yugoslav Army are specifically determined by the Constitution of the FRY. Attempts by certain parties and their leaders to gain influence in the Yugoslav Army in certain ways, and then to use it for their party and political goals, are profoundly unrealistic and also contradictory to existing constitutional solutions.

Constant and varied attacks on the Yugoslav Army aim to destabilize the state and its Armed Forces in order to create preconditions for the unhindered realization of certain ideas and intentions, regardless of whether they are conceived by external or internal factors. This includes the latest attacks by Mr. Seselj. The Yugoslav Army has successfully thwarted all such attempts so far, while it is only the Supreme Defense Council of the FRY that is competent to make assessments of people holding the highest positions in the Yugoslav Army.

The latest attempts by the leader of the Serbian Radicals—carried out in a way peculiar to him—to remove people who were born deep inside the borders of the Republic of Serbia from important positions within the state and Army mechanism certainly cannot have a realistic basis. Least of all, can they gain the support of the citizens of Serbia, as well as of Montenegro and the Yugoslav Army as a whole.

The Yugoslav Army has always been and will in the future be open to all well-meaning contacts with all serious political parties and their leaders. The Yugoslav Army's General Staff considers such contacts mutually useful and even necessary.

This is certainly true for the Serbian Radical Party as well. Unfortunately, its leader has recently been working intensively to obstruct the national unity of Serbs. Although this is deeply tragic by its nature, it is partly understandable considering the fact that the beginning of peace in the areas of the former Yugoslavia would probably mean the end of Seselj's political career, the statement by the Yugoslav Army's General Staff says. [no closing quotation marks as received]

General Panic Talks With Russia's General Gromov

LD1805223093 Belgrade TANJUG Domestic Service in Serbo-Croatian 1724 GMT 18 May 93

[Text] Belgrade, 18 May (TANJUG)—Colonel General Zivota Panic, chief of the general staff of the Yugoslav Army, and his aides today received Colonel General Boris Gromov, deputy minister of defense of the Russian Federation.

In the course of open talks, they discussed opportunities for rapidly ending the war in Bosnia-Herzegovina and establishing a lasting peace in that former Yugoslav republic.

General Panic briefed the high-ranking representative of the Russian Army about Yugoslav Army efforts to find a peaceful solution to the crisis and to forge an agreement of all three nations in Bosnia-Herzegovina on the basis of equal rights and of a just solution of all three nations, the information service of the Yugoslav Army's general staff said.

UN Envoy Backs Plan To Supervise All Bosnian Borders

LD1905014393 Belgrade TANJUG in English 2333 GMT 18 May 93

["Pool" item]

[Text] New York, May 18 (TANJUG)—Official Belgrade believes that United Nations (U.N.) observers should supervise all borders of Bosnia-Herzegovina and not only one, Ambassador of the Federal Republic of Yugoslavia to the United Nations (U.N.) Dragomir Djokic told Russian Ambassador to the world organization Yuliy Vorontsov on Tuesday [18 May].

Vorontsov, who is the U.N. Security Council president in May, received Djokic to discuss the stand of Yugoslavia on the most important issues of the crisis in the former Yugoslav Republic of Bosnia-Herzegovina which are on the agenda of this U.N. body.

Under a resolution proposed by Russia, U.N. observers should be deployed along the border of Bosnia-Herzegovina and Yugoslavia, on the Yugoslav side. Acting under orders of the Security Council, the U.N. secretary-general made a plan for the deployment of observers along all borders of Bosnia-Herzegovina. Djokic told the Russian ambassador that this was also the stand of Yugoslavia on this issue.

The two ambassadors also discussed questions relating to the setting up of an international tribunal for war crimes committed in the territory of former Yugoslavia since 1991.

Romanian President Arrives on Visit; Talks Held

LD1905105993 Belgrade TANJUG Domestic Service in Serbo-Croatian 0946 GMT 19 May 93

[Text] Belgrade, 19 May (TANJUG)—Romanian President Ion Iliescu arrived in Belgrade this morning on a one-day visit to the Federal Republic of Yugoslavia. Among other associates, he was accompanied by Romanian Foreign Minister Teodor Melescanu.

A ceremonial reception was organized at Surcin airport for the Romanian president and his associates. The Romanian head of state was received and welcomed by Yugoslav President Dobrica Cosic. The Guards Brigade's battalion of honor lined up at the Surcin airport runway and the anthems of the two countries were played in honor of the eminent guest from Romania.

Vladislav Jovanovic, federal deputy prime minister and minister of foreign affairs; Colonel General Zivota Panic, chief of the general staff of the Yugoslav Army, and others were present at the reception.

Soon after the Romanian president's arrival in Belgrade, official Yugoslav-Romanian talks began in the Palace of the Federation. The talks deal, it has been learned, with relations of the two countries and the latest aspects of the Yugoslav crisis—especially the Bosnian conflict, i.e. possibilities to end the conflict in a peaceful way.

Romanian President Ion Iliescu will today hold separate talks with the presidents of Serbia and Montenegro, Slobodan Milosevic and Momir Bulatovic respectively. A meeting with representatives of the Romanian minority in the FRY has also been planned.

The Romanian president visited Slovenia and Croatia in the past five days. He arrived in Belgrade aboard a special plane from Zagreb.

The Romanian president will hold a press conference later in the afternoon and then leave for Bucharest.

Economists Predict Collapse Within a Month

93BA0996B Belgrade BORBA in Serbo-Croatian 27 Apr 93 p 10

[Article by Bojana Jager: "Stocks Already Consumed"]

[Text] If they are applied as announced, the tightened sanctions will have a fatal impact on the Yugoslav economy, but an "imitation of life" beneath them could possibly last for another half year to a year. The consequences of a total blockade will be long-term ones in any case, according to the general view of economic experts.

It is not a question of a "big additional expansion of the circle, but rather intensified effectiveness in implementing the sanctions," thinks Dr. Ljubomir Madzar.

"This new tightening will only accelerate and further worsen the economic catastrophe, which is not only inevitable, but to a considerable extent has already occurred," Dr. Madzar emphasized.

"The world has time, and can apply the sanctions to us for a long time to come, but our forces are such that in six months to a year, at most, a complete collapse of the economy will follow," predicted Dr. Miroljub Labus. "By then things will stagnate and the food and the little energy that we have will be distributed. Particularly unfavorable is the probably expulsion of the FRY from all international organizations, especially the World Bank and the IMF, because then several years will certainly be needed to return to them, all at enormous expense."

In the opinion of Dr. Dragan Veselinov, "these sanctions are leading to the distribution of flour by coupons and the establishment of a semidictatorship in Serbia. International intervention in Bosnia and Herzegovina will even further exhaust Serbia's economic resources, but that "stupid one" will engage in a conflict with the world in Bosnia, and in the end, it will be broken up, like its economy. Peasants will hide flour and lard, but some will even give land in order to get a piece of bread from the state. Degenerating conditions will be created for people to settle scores like rats, between the peasants and cities. Millions of impoverished people will demand the introduction of fascism and the confiscation of reserves from the last successful producers," Dr. Veselinov predicted.

"The economy is on its knees, the citizens are in poverty, but the authorities are firmly in the saddle," Dr. Danijel Cvjeticanin assessed the effects of the blockade to date. "The new level of sanctions will have even more pronounced effects in that regard—the economy will tragically collapse, and the authorities, not controlled by anything, will be greatly strengthened. The sanctions provide good reasons for assuming complete state control over trade and production. The proponents of the voluntaristic and anti-market model of the economy have thus received support again from the world, and the idea of the liberal market model has suffered a new blow. Those who have only profited well from the war so far will now assume complete command functions in the economy," Dr. Cvjeticanin thought.

"With this kind of tightening of the sanctions, exports have been completely eliminated, as well as imports, which means that soon some sectors of the economy (textiles, footwear, etc.) will completely stop," predicted Dr. Mladen Kovacevic. "The stocks of raw materials have been exhausted, and foreign exchange as well, but even if the latter existed, as it does not, once again it would not be worth much, because with a rigorous blockade nothing will be able to cross the border. One should not forget that Macedonia, for instance, has become a member of the UN and that in the future it will have to implement the sanctions strictly. Even those foreign partners that were willing to do business with us, charging us a fortune in expenses because of their fear, will no longer risk lightly doing that, and having their firms closed, for example. Particularly disturbing is the fact that long-term cooperation contracts will certainly be canceled if these new sanctions continue. Foreign partners were willing to keep those contracts on ice until the middle of this year, but now the tightening of the blockade is definitely jeopardizing all of it," Dr. Kovacevic said.

[Box, p 10]

Unforeseeable Consequences

Mihajlo Svilar, director of the Grafika AMB [expansion unknown] in Novi Sad, said:

"With a lot of reservations, because not all the relevant facts are reaching the public, I think both as a businessman and as a citizen that the failure to sign the Vance-Owen plan is a catastrophe with unforeseeable consequences. the predictions are very unpleasant, the

situation is critical, and I expect that at least in the economic sphere, urgent measures adapted to the present situation will be undertaken. As a firm, we already talked this morning about how we should prepare for the most critical option.

[Box, p 10]

Without Exclusive Production

"The sealing of the borders implies strict control of the application of the sanctions and the prevention of evasion of the blockade. Since the FRY's economy was and now is dependent upon imports and exports, it is obvious that the country's economic life will be reduced to the volume and quality that are feasible using domestic raw materials and energy sources," said Albert Gregorovic, president of YES Corporation. "A further restriction on the conditions for doing business will have serious consequences for the use of capacities, employment, and preservation of the corporation's resources. The main courses of business policy will be an orientation toward agricultural activity, on as large a scale as possible, and less exclusive production of furniture and fashion wear.

"A command economy," Gregorovic explained, "implies state intervention in the distribution of limited resources of raw materials and energy sources and strategic goods: food, clothing, footwear, etc. In those circumstances, one can speak of the economy quite arbitrarily."

Serbia

Milosevic Meets With Kozyrev in Belgrade

Milosevic Praises Kozyrev

AU1805192493 Belgrade RTB Television Network in Serbo-Croatian 1730 GMT 18 May 93

[Interview with Serbian President Slobodan Milosevic by Dusan Cukic after a meeting with Russian Foreign Minister Andrey Kozyrev in Belgrade on 18 May—recorded]

[Text] [Cukic] Mr. President, you have just concluded a meeting with the Russian foreign minister, Mr. Kozyrev. Can you say something about this meeting for Belgrade Television?

[Milosevic] First of all, I would like to say that this is a very important visit, not only because Russia is a large country and a member of the Security Council, but also because Russia is currently chairing the Security Council. Therefore, it indeed has opportunities to act in a broad domain. In addition, there is no doubt that at this moment, and this has been the case for some time, Russia's approach, the approach of the public in particular, to the Yugoslav crisis is incomparably more objective than the one-sided reports in many other countries. I hope that this visit will indeed contribute toward a new stimulus for a peaceful settlement of the crisis in Bosnia-Herzegovina.

If one views the political scene as a whole—we have statements by politicians, assembly meetings, referendums, speeches, and so forth—then the outside world in particular can get a wrong impression of the whole thing. I hope that Minister Kozyrev and his aides, and I therefore hope the Security Council, will not get a wrong impression. A wrong impression would be if, on the basis of everything that has happened in the past few days on our political scene, someone got the impression that the Serbs do not want peace, that the Serbian people in Bosnia do not want peace.

I know very well that the Serbian people in Bosnia are in favor of peace, and that peace is the most important interest of the Serbian people, not only in Bosnia-Herzegovina but also of the Serbian people as whole, and I would also say of all citizens of our country.

Therefore, the peace process and negotiations do not have an alternative. Much has been said publicly about these alternatives—the peace process or military intervention. There is no doubt, I do believe that this view is shared by the Russian foreign minister, that the use of force would in fact only deepen the crisis, that the peace process has absolutely no alternative. Therefore, I am sure that the Serbian people in Bosnia can neither be opposed to peace, nor can they be in favor of closing the door to further peace negotiations. In fact, I expect these peace negotiations to be reinforced and that we will all contribute toward peace, which has no alternative, finally becoming reality on Yugoslav territory.

Every citizen can quite easily see the difference between what is said and what is done, or, as we say, between words and deeds. On the one side we see that the Muslim and Croat sides have signed the plan and were praised by the international community for striving for peace in words, while on the other side, in practice, they are waging war against each other. If we look at the Serbian side, it has not signed the plan for the reasons which it has stressed, but it is implementing it in practice because it is respecting the cease-fire. The cease-fire and the preservation of peace is the first step in implementing the plan. Therefore, this confusion between words and deeds that undoubtedly damages the interests of the entire Serbian nation at present, should in the days and weeks ahead be resolved. These elements should be resolved, and create a situation which, as some people say, will not be detrimental to us, but will indeed benefit peace, which is currently the greatest interest of our entire nation.

I am convinced that no well-meaning man will fail to contribute to the implementation of such a peaceful solution, which is, no doubt, in the interests of our entire nation. No one should expect, and I know that no one is expecting, Serbia to take positions that would be contrary to the interests of the Serbian people. Precisely

because of this, we strongly, I would say with all our strength, stood behind the effort for peace, because we are convinced that peace is in the interests of the entire Serbian people and all of our citizens.

I am sure that this interest will be recognized by all whom the success of the solution depends upon. I am sure that we will succeed in this.

[Cukic] Thank you, Mr. President. Thank you for responding to the request of Serbian Television.

[Milosevic] Thank you.

Kozyrev Issues Statement

LD1805211393 Belgrade TANJUG Domestic Service in Serbo-Croatian 1839 GMT 18 May 93

[Text] Belgrade, 18 May (TANJUG)—"President of Serbia Slobodan Milosevic and I talked about concrete measures regarding restoration of peace on the basis of the Vance-Owen plan", Andrey Kozyrev, Russian minister for foreign affairs, told the press after his talks with the president of Serbia.

Asked whether the possibility of deploying UN observers along the border between the Federal Republic of Yugoslavia and Bosnia-Herzegovina had been discussed, Kozyrev said that this was discussed but the process of decisionmaking regarding this was unfolding along its own course. "This question was discussed, something that in my view is significant in itself."

In Kozyrev's words, President Slobodan Milosevic reiterated that nothing except humanitarian aid would be supplied to the Bosnian Serbs so long as they refused the peace solution. "In my opinion, this is a very important decision", Kozyrev said.

The head of Russia's diplomatic service said that during his talks with Croatian President Franjo Tudjman this morning he had expressed his possible agreement to the deployment of UN observers.

Asked whether Russia's foreign policy is in concord with U.S. policy, Kozyrev stressed that the diplomatic service of Russia, the United States, and other countries at the UN Security Council shared similar principles. In his words, the similarity is that both sides believe that no time should be wasted in adopting the Vance-Owen plan for Bosnia-Herzegovina. "There are some differences in the methods and timescale of implementation, but the general attitude to this plan is in effect almost the same," he said.

Speaking about closer cooperation and frequent contacts with U.S. Secretary of State Warren Christopher and other officials from the U.S. Administration, Kozyrev said that it was his idea that they should work together on the implementation of the plan, including even its details.

Seselj Rebukes FRY Politicians for Yielding

AU1805121793 Belgrade INTERVJU in Serbo-Croatian 14 May 93 pp 18-20

[Interview with Vojislav Seselj, leader of the Serbian Radical Party, by an unidentified reporter; place and date not given: "The Drina River Is Not the Boundary"]

[Text] Vojislav Seselj, leader of the Serbian Radical Party [SRS], has attracted the attention of the public again, following the latest foreign pressures exerted on Bosnia and the FRY. As expected, the radicals have taken a firm opposing attitude to the foreign pressures, although many people think that it is undiplomatic and dangerous.

[INTERVJU] How would you describe the political relations between the Bosnian Serbs and the FRY?

[Seselj] The situation has become very complicated. I think that the ruling Socialist Party of Serbia [SPS] is quite frightened. Its fear is now influencing the entire destiny of the Serbian people, and also the balance of forces on the fronts.

The position of the Serbian people in the Serbian republic [in Bosnia-Herzegovina] has remained the same in terms of numbers; however, the threats of a foreign intervention are quite serious. On the other hand, the Serbian nation is now much weaker because of the SPS withholding its support, and not so much because of the lack of political support, as much because of the blockage of passageways across the Drina River, causing the obstruction of free transition of people and goods.

The only thing that Serbs could righteously do was to turn down the Vance-Owen plan, which they did. They did not have any real alternative: either a capitulation, and consequently the recognition of an occupation by Americans and other Western forces, or to withstand all that, and to try to preserve their territories. That will bring about even greater unpredictability. The chances of American involvement are really considerable. I think that is not 100 percent sure, however, the danger must not be disregarded, as it is quite palpable.

[INTERVJU] What if it comes to a military intervention?

[Seselj] If it comes to air strikes, the Serbs should most forcefully attack UNPROFOR in former Bosnia-Herzegovina, and also Muslims and Croats, because in that case, Serbs must definitely decide the war by several severe raids.

Serbs have much equipment and ammunition in stock. In the operations up to now, they utilized less than one-third of the total amount. They have large underground stockrooms, which is also known to the West, and which the Western press has been writing about. The Americans assume that Serbs have about 600 tanks in underground stockrooms near Han Pijesak, that cannot be destroyed even by a nuclear bomb. Serbs also have

ammunition. Fuel might be a problem, but given the stocks made earlier, that problem will also be solved. It is necessary that Serbs thoroughly prepare themselves for air strikes and leave the Americans without visible targets they might bomb. Then the Americans will not have any accessible military goal. In that case they might bomb either the industrial facilities, that are inoperative in any case, or attack civilians, which would bring about many casualties. Any lost life is an irrecoverable harm. Nevertheless, one has to view things in terms of a cold military logic: no country in the world has ever decided to abolish itself just because somebody from outside threatened it with bombing. In this case a mere threat of force will not be enough for the West to accomplish its goals. If they want to accomplish it, they will have to use military force.

The most important fact is that no one has ever won a war exclusively by air strikes. To win the war in former Bosnia-Herzegovina, one should send ground troops—expedition corps. In that moment, all the Serb advantages will become apparent, and the Americans will have to wage a much more horrible war than the Vietnam war, in which there will be no mercy, and they have to take this fact into account. No matter how long that war may be, they will never win it. The day will certainly come when we Serbs will see them turning and leaving.

[INTERVJU] Can you explain why you think that the SPS was frightened, and why it changed its policy toward the Bosnian Serbs?

[Seselj] They were afraid of air strikes. The West openly told them that it would bomb the Serbian military objectives in Bosnia, the bridges on the Drina River, and perhaps even some objectives in the FRY. That threat caused panic among the socialist lines, and that panic made them turn their attitude by 180 degrees in only one night. One could not expect serious politicians to do so. Serious politicians never act that way, and besides, it is completely disadvantageous when among serious politicians there are people who can be easily driven to panic. A serious politician must always rationally make decisions, must never yield to emotions, and must not be a slave to fear.

The Socialists made a terrible mistake there.

[INTERVJU] Why do you think the ratification of the Vance-Owen plan would mean a capitulation of the Serbian republic?

[Seselj] Because in that case Serbs are supposed to renounce two-fifths of the territory they are holding now. Furthermore, Serbs are supposed to surrender some big towns and many villages, for instance, to hand over to Muslims or Croats Foca, Visegrad, Rogatica, Vlasenica, Bratunac, Zvornik, Doboj, Derventa, Odzak, Samac, Modrica, Prijedor, Bosanski Novi, Jajce, Kupres, that is to say a whole range of towns and villages. More than half a million Serbs live in those regions, and if they were to be surrendered, Serbs would have no chance to survive there, and all of them would flee to the FRY. Furthermore, UNPROFOR [UN Protection Force] should guarantee the safety for Serbs in Bosnia; however, when, where, and whom can UNPROFOR guarantee any safety? To no one. We saw that with the example of Krajina and Croatia. Moreover, it would be enough that Muslims send four or five commandos there after the withdrawal of the Serbian army, creating such a chaos and panic that no Serb could live there any longer. Finally, the most significant thing is that UNPROFOR and the United Nations have never been impartial so far, they have always sided with our enemies, and they cannot be mediators in this conflict.

[INTERVJU] What would be a peace agreement that your party would endorse?

[Seselj] The only agreement by which a peaceful settlement would be guaranteed in former Bosnia-Herzegovina, is drawing the boundaries along the existing front lines, and that those demarcation lines become interstate borders as soon as such an agreement is signed. Whoever truly wants peace can act only this way; however, whoever does not want peace will always offer us some artificial maps.

The people who are only lightly engaged in politics know that no country in the world would survive if it were organized following the Vance-Owen maps and its constitutional principles. They know that such a state will simply not be able to exist anywhere, particularly not in the region where a civil war is waged by three ethnic or religious groups.

[INTERVJU] Your party stated many times its disagreement with the plan of resolving the Bosnian crisis that had been signed in Athens. Such statements of yours have elicited forecasts about a conflict ensuing between the SRS and the ruling SPS. Do you plan to lead off that conflict in the Assembly?

[Seselj] An open conflict has already happened. We have been direct political opponents of the SPS all the time. We stated and demonstrated that many times. Therefore, we are the only serious critics of the SPS, criticizing it in all segments of its economic, social, and political approach. The treacherous part of the opposition simply does not have time to engage itself with economic and social problems and to pursue politics in its real sense. The only things that are important to the opposition are some global topics and whether or not they are going to achieve power. Even if they got power, they would not know what to do with it.

[INTERVJU] As for the SRS, all the options are open. We held a meeting of the Main Board, at which all 187 members condemned the pressures that Serbia and Montenegro are putting on the Serbian republic; we expressed our solidarity with the decision of the assembly in Pale and our full support to the leadership of the Serbian republic in their resistance to ultimata and pressures.

We will weigh up which moves we are to make. First, we are organizing a rally on 13 May in Loznica, also

celebrating the day of the third Serbian uprising led by General Draza Mihajlovic [Chetnik leader in World War II]. The main slogan of the meeting is "The Drina River will not be a borderline."

[INTERVJU] There have been some rumors that your party will depose the president of the FRY. Will such a threat also spread to the president of Serbia?

[Seselj] First, it is impossible to depose the president of Serbia in the Assembly. According to the Constitution, Serbia has a typical presidential system, that is, the president cannot be deposed by the Assembly, but only by a plebiscite of citizens. There are enormous difficulties for accomplishing that, and we also believe that there is no need to oust President Milosevic—the forces of both political parties should face each other, to measure how much each of them is able to influence the political life, and how much they are able to influence making important decisions.

As for President Cosic, he was elected by the will of the Assembly, and not by the will of the citizens, and those who put confidence in him have the right to oust him. We will see how that issue is going to develop, being aware that the SRS does not have enough votes in the Federal Assembly to accomplish that. Still, a new political game is beginning, and we will see who holds better cards in it.

[INTERVJU] The foreign factors are even threatening with inducing an internal dissension among Serbs. Is that threat achievable?

[Seselj] Such a weapon has already been used, while today the West openly speaks about it, and it yields certain effects. It came to a breach between the Bosnian Serbs and Serbia, between the leaderships that until yesterday closely cooperated, and consulted each other regarding all the major political issues.

It came to a large crack in the Serbian patriotic bloc here. You know that President Milosevic would not have been elected president in the recent elections, at least not so smoothly in the first round, if he had not had our wide support. Besides, our fight against the traitor of the Serbian people, namely Milan Panic, and the treacherous opposition in Belgrade also contributed to the Socialists' hanging on in the leading place. The Socialists have remained in the power because they showed a great degree of patriotism and not because of their pursuing a successful social and economic policy. If the people had regarded their economic and social policy only, they would have been overthrown long ago. Since the Socialists are now losing one of their main attributes, namely patriotism, then the appropriateness of their further survival can be questioned.

The socialists hope that Vance and Owen will keep their promises made in Belgrade. They promised that, if Serbia and Montenegro renounce Bosnian Serbs and Krajina Serbs, the Western pressures on the FRY will cease, that the embargo and the sanctions will be lifted, that the West will not interfere in our internal affairs, and so forth. That is a big lie and illusion. Those are verbal promises, and they are worthless. When the West accomplishes one phase of its goals, it will get rid of both Vance and Owen, and it will be hopeless to remind new mediators what the old ones promised in a verbal agreement. That is the way the West has been doing things so far.

It seems that politicians in Serbia are unable to understand that it is the Serbs from Bosnia-Herzegovina who are fighting our battle now, because until they succumb, until they surrender, Serbia can be at least partly safe from foreign involvement within its own borders, that the West will not instigate ethnic Albanians, Muslims, or ethnic Hungarians to uprising. As soon as the West accomplishes its goals in Bosnia, we will be its next move, and so it will go without ever ending.

If we once show our readiness to bend when faced with ultimata and blackmail, that is if we renounce the Serbian republic, we will have to renounce Krajina and further to give a special status to Sandzak. The Western countries will say—either you do so, or you will be bombed—and those who are used to yielding will yield again. Later on, the West will demand that we approve the Republic of Kosovo, or otherwise we will be bombed. It will start again—okay, we will approve it, just do not bomb us. Thereafter they will demand the autonomy of Vojvodina, again threatening us with bombings, and finally, when our politicians sell out all the Serbian countries, the West will say: Now we do not need you any more, you finished all the jobs we had given you, and now you will have to go. The sanctions will be lifted only when the open traitors of the Serbian people take over the power, while Serbia will remain within the borders determined by Hitler 1941.

[Box, p.20]

"Accusations Against the Association of Communists—Movement for Yugoslavia"

[Seselj] In the Yugoslav Army some strange things have been happening again, and the Association of Communists—Movement for Yugoslavia [SK] has started an offensive again, trying to take complete control over the Counterintelligence Service [KOS]. The SK has infiltrated its people in many political circles, even in the Serbian Renewal Movement, who very skillfully push on with their activities, while the SK has even started to control certain media.... The SK has been controlling the BALKAN EXPRESS since a longer time, and they launched many lies and slanders in an utterly perfidious way. It also took the full control over Belgrade DUGA. The SK achieved that by appointing its people chief editors. According to my information, which can be also checked in the archives of the Military Security in Pancevo, Milomir Maric, editor- in-chief, was recruited for the KOS as early as during its military service in Sarajevo, while he was working in the Army Hall 1981. His aide Vanja Bulic was also recruited 10 or 15 years

ago for KOS, because of some discrediting details in his profile. Therefore DUGA functions as an drill ground for launching various disinformation, slanders, fabrications by the SK, and its part of the KOS.

Assembly President Denies Influence on Bosnian Serbs

LD1905013793 Belgrade TANJUG in English 2348 GMT 18 May 93

[Text] Belgrade, May 18 (TANJUG)—The international community should not take the stand that the Yugoslav Republic of Serbia can force Serbs in Bosnia-Herzegovina to accept solutions which are contrary to their interests, Serbian Assembly President Zoran Lilic said on Tuesday [18 May].

In talks with Greek member of parliament Leonidas Kirkos and head of the foreign policy department of the left coalition Panayotis Drigazis, Lilic underscored that the international community should not undertake a military intervention to pressure Serbs after they voted on the Vance-Owen peace plan at a referendum.

Bosnian Serbs held a referendum on the Vance-Owen plan on May 15 and 16, and the first official results are expected on Wednesday. Preliminary results indicate that the plan has been rejected with an overwhelming majority vote.

Lilic said that the warring sides in Bosnia-Herzegovina (Moslem, Serb and Croat) should have been brought to a conference table to find a solution for their ethnic conflict.

The Serbian Assembly, adopting in early May a letter by Yugoslav President Dobrica Cosic, Serbian President Slobodan Milosevic and Montenegrin President Momir Bulatovic to the Assembly of the Serb Republic as its own declaration, in a way accepted the Vance-Owen plan as the lesser of two evils, Lilic recalled. However, he underscored, it will not be good if the international community "rewards" the cooperativeness of Serbia and Milosevic with new sanctions, or new demands which "we objectively will not be able to accept or will not want to do so."

"We especially mind that the international community is trying with all its power to prove that Serbs are aggressors in Bosnia-Herzegovina and that all problems will be solved with sanctions against them, which is not true," Lilic specified.

Kirkos underscored that the Vance-Owen plan should be accepted, with the possibility that it is changed in some points, and if it is is still rejected, Serbia will be isolated from the international community. The world public have changed their opinion on President Milosevic, who is now considered a "factor of stability and perspective," he said.

The Greek officials also launched the idea on parliamentary cooperation among Balkan countries which would contribute to successful political, economic and all other ties between Balkan countries, as it was underscored.

Bosnian Serbs in Belgrade Reject Vance-Owen Plan

LD1805155793 Belgrade TANJUG Domestic Service in Serbo-Croatian 1253 GMT 18 May 93

[Text] Belgrade, 18 May (TANJUG)—Around 17,760 citizens hailing from former Bosnia-Herzegovina turned up at the referendum on the Vance-Owen plan in Belgrade, Vesna Koprivica, of the [Bosnian] Serb republic's government bureau in Belgrade, told TANJUG today.

According to the first available data, almost 90 percent of the participants in the referendum, which was organized on the territory of the Federal Republic of Yugoslavia on Sunday [16 May] and Monday by the Association of Serbs from the former Bosnia-Herzegovina and the government of the Serb republic, came out against the Vance-Owen plan.

The final results of the referendum will be known early tomorrow afternoon, said Vesna Koprivica, who assessed that the referendum in Belgrade was a success.

According to her, the response would have been even greater if the citizens had been informed in due time that a referendum on the Vance-Owen plan would also be organized on the territory of the Federal Republic of Yugoslavia.

Vesna Koprivica recalled that the referendum was organized at seven points in Belgrade, six in Vojvodina, and three in Montenegro.

Minister on Status of Refugees in Serbia

93BA0996D Belgrade BORBA in Serbo-Croatian 27 Apr 93 p 15

[Interview with Bogoljub Bjelica, Yugoslav Minister of Relations With Serbs Outside Serbia, by M. Jankovic; place and date not given: "Registration Against Abuses"]

[Text] The office of the Serbian Republic's commissioner for refugees extended until 30 April the deadline for the registration of all refugees who have not regulated their status to date, and they have thus been given one more chance to start the process of regulating their status and avoid all the later unpleasantness that they will undoubtedly have. In view of the different interpretations of the new regulations that are coming from different offices, we contacted Mr. Bogoljub Bjelica, the republic government's minister for ties with Serbs outside Serbia, for an explanation of the new approach to registering refugees.

[Jankovic] Do the new steps associated with resolving the issue of refugees provide for any radical measures, and what basically caused the need to adopt them?

[Bjelica] Everyone is aware that the refugee population was not regulated very well from the start, for numerous objective reasons. That, naturally, does not mean that this area should be kept that way, and instead it has to be regulated. In connection with this, preparations are already under way to amend and expand the existing Law on Refugees. In order for us to be able to put the entire situation on the right basis, above all we have to establish clear and precise records on the refugees. Consequently, in order to introduce some sort of order in this area, the announced measures have been undertaken.

[Jankovic] Can you explain a bit more specifically what will happen after the refugee records are straightened out?

[Bjelica] One of the key goals is to distribute their territorial presence more uniformly, because there is no valid justification for having them most concentrated in the big cities. The location for housing them can no longer be just due to circumstances or only someone's personal affinities. The issue of the refugees has to be resolved in a more permanent sense, in accordance with the economic potentials of the regions in Serbia and all other vital elements that determine the place where they are taken care of. There is no doubt that refugees should be given adequate care, but at the same time individual abuses have to be prevented, which could give the public a negative picture of all the refugees. In that regard the office of the commissioner for refugees—and that will also be our ministry's proposal—will subject the entire refugee population to analysis. After that, it will start relocating them, naturally in accordance with the above-mentioned criteria, and always in accordance with the views and requests of the governments of the Serbian Republic and the Republic of Serbian Krajina.

[Jankovic] One of the requests of those governments was that all those capable of working, i.e., military conscripts, be returned.

[Bjelica] With consistent determination of the status of all refugees and corresponding decisions in the Serbian Republic and the Republic of Serbian Krajina, which clearly have to be respected, we will resolve that issue as well in an appropriate way. I would even say that the steps already taken are producing an effect and that a growing number of military conscripts are reporting to the proper authorities and returning to fulfill their obligations. Naturally, several parallel activities will also contribute to solving this problem more adequately, with accelerated activity by the office of the republic commissioner for refugees, the governments of the Serbian Republic and the Republic of Serbian Krajina, and also the appropriate institutions.

[Jankovic] In addition to the amendments to the Law on Refugees, are there any other measures that will be undertaken?

[Bjelica] Yes. First of all, the office of the commissioner for refugees has to be reorganized, because in its present form it cannot cope well with its tasks. The maximum of approximately 50 people working there are not succeeding in enduring the burden that they are being "fed" by people from the field and sites. Thus, for instance, the existing Red Cross institutions, social work institutions, and administrative bodies will handling the housing of refugees in the future, naturally in accordance with a territorial principle determined in advance. Our government or assembly should soon adopt such a measure. At the same time, because of a similar situation, appropriate steps will also be taken in humanitarian activity. A suitable state body will be formed for those purposes, in order to introduce a little more order in this area and avoid situations in which certain areas will have excessive humanitarian coverage, and others will be barely touched.

[Box, p 15]

Separate Question

"The problem of refugees from Slovenia and Croatia, from the areas and towns outside the Republic of Serbian Krajina, is a separate question. It is important to state that those persecuted people, in the present circumstances and relations, cannot count on returning or at least not on returning too quickly, so their care has to be resolved in a more permanent sense, but also in accordance with the existing territorial and economic criteria," Minister Bjelica said.

Beogradska Banka Money Frozen in Cyprus

93BA0996C Belgrade BORBA in Serbo-Croatian 27 Apr 93 p 11

[Unattributed interview with Jezdimir Vasiljevic by BIG PRESS: "Beogradska Banka's $750,000 Frozen in Cyprus"]

[Text] Jezdimir Vasiljevic, owner of Jugoskandik, answered several questions for BIG PRESS during last night's call:

[BIG PRESS] How would you comment on the information in Ljubljana's DELO about the activity of certain Jews in financial and other transactions with Yugoslavia?

[Vasiljevic] Gershon Kapori was really one of the important people for transferring money out of Serbia, on orders from bankers, politicians, but also businessmen. That money needed to be in circulation during the embargo. Everything was put in private accounts abroad. President Milosevic was told that under the embargo the money in those accounts was frozen. That is not true; that money is being circulated, the economy is being crippled, but individuals' private accounts are increasingly richer.

Israel is only one of several countries the money went to. A lot of time will be needed for all the information on the money to be gathered. For the time being, it is known where $3.5 billion is.

Kapori himself is not working anymore; he has withdrawn. Perhaps Dafiment Banka's Jewish adviser knows something more about him.

A committee has been formed for discovering Serbian money abroad. In Cyprus, $750,000 deposited from Beogradska Banka was discovered and frozen. In any case, they owe that to their depositors. Beogradska Banka's committee of depositors will contact the Cypriot Government with a request that their savings be returned. Both Kreditna Banka and Karic Banka also have money ($78 million). That was also discovered and frozen. Actually, a big trick was played with respect to the old savings, but the main goal was to deposit the existing money abroad, and during that time in Yugoslavia the debt would be rescheduled for 7-13 years. From the interest, funds would be obtained for partial payment of the "old" savings.

[BIG PRESS] In one of your previous calls, you mentioned that a Patriotic Committee was formed in London. What sort of committee is that?

[Vasiljevic] "This committee will work under the sponsorship of Crown Prince Aleksandar. That body will officially contact the world's financial police. It wants to uncover the private accounts abroad of those who have robbed the people. We will also seek assistance for uncovering those people and accounts from anyone who could point out any trace."

Montenegro

Kozyrev, Bulatovic Hold 'Positive' Talks

LD1805174593 Belgrade TANJUG Domestic Service in Serbo-Croatian 1629 GMT 18 May 93

[Text] Belgrade, 18 May (TANJUG)—Russian Foreign Affairs Minister Andrey Kozyrev and Montenegrin President Momir Bulatovic both assessed their talks today on ways to solve the Bosnian crisis as positive.

Following their 30-minute meeting—which was held behind closed doors in the Montenegrin Villa in Dedinje—the Russian foreign minister told journalists that Montenegro was historically and traditionally almost the closest country to Russia. "I think that we have the highest level of understanding with Montenegro," Kozyrev added.

President Bulatovic said: "We appreciate very much Mr. Kozyrev's visit, because we maintain that the difficult problems of how to establish peace in Bosnia-Herzegovina can be solved only by diplomatic and peaceful means." In this context, Bulatovic added, Kozyrev's initiative, his visit, and his efforts, are exceptionally valuable to Montenegro and to Yugoslavia.

Kosovo

ATA Says Serbs Want Province's Gold, Mineral Reserves

AU1905081893 Tirana ATA in English 1219 GMT 18 May 93

[Text] Tirana, May 18 (ATA)—Serbia does not give up Kosova because of the fact that its underground is rich in gold and minerals estimated to 500 billion dollars. Serbia evicted 103 thousand Albanian workers. Five hundred thousand members of Albanian families have no chance to earn their leaving, 400 thousand are forced to emigrate in different countries of the world. Eight hundred thousand Albanians, who once lived on social assistance, today are penniless because Serbia closed down all the social institutions. Figures show that about 50 thousand Albanians suffer from hunger. Poverty which keeps worsening is due to Serbia's frenzied plunder of Kosova. Statistics show that during 1945-1984 period, Serbia and former Yugoslavia fulfilled 100 percent of their needs for magnesium, 100 percent of Serbia's needs for refined lead, and 68 percent of former Yugoslavia. The underground of Kosova provides 47 percent of the necessary amount for magnesium, 75 percent of lead, 22 percent of coal, 12 percent of power.

Albanians Say Police Commit 'Murders' at Border

AU1905081093 Tirana Radio Tirana Network in Albanian 2000 GMT 18 May 93

[Text] During the last two years the Serbian military and police forces have killed 12 Albanian citizens in the border region of the territory of the Gjakove commune with Albania.

The Gjakove Democratic Forum assesses that these murders are a consequence of a greater militarization of the border region. It is said that in this border area a day doesn't pass without unjustified accidental cases caused by the movements and concentrations of the regular and well-trained units of the Serbian army and its police forces. Within the last two years, 16 citizens [number as heard] from Albania were killed and dozens of others wounded.

Gjakove Democratic Forum contains data showing that recently 120 homes were raided under the pretext of searching for arms, many citizens were mistreated, and the property of many Albanian owners was raided.